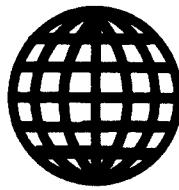


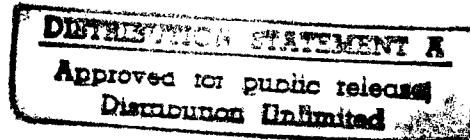
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12 MAY 1992



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JPRS Report—

East Europe



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CONTENTS

12 May 1992

INTERNATIONAL AFFAIRS

Reports on Hungarian-Ukrainian Relations	1
Improved Interstate Relations [<i>MAGYAR HIRLAP</i> 6 Apr]	1
Ethnic Relations in Transcarpathia [<i>ELET ES IRODALOM</i> 20 Mar]	1
Expanded Trade Considered [<i>MAGYAR HIRLAP</i> 6 Apr]	2

BULGARIA

Nomenklatura Ties to Foreign Companies	3
Multi-International Holding [<i>SVOBODEN NAROD</i> 14 Feb]	3
Bulgarian Companies [<i>SVOBODEN NAROD</i> 14 Feb]	3
Doynov, Lukanov [<i>SVOBODEN NAROD</i> 14 Feb]	4
Legal Aspects [<i>SVOBODEN NAROD</i> 14 Feb]	6
Michkovski's View [<i>SVOBODEN NAROD</i> 14 Feb]	7
More Allegations [<i>SVOBODEN NAROD</i> 14 Feb]	7

CROATIA

Disinformation of Serbian News Agency [<i>VJESNIK</i> 22 Apr]	9
Serbian 'MOST' Plan for Conquest of Bosnia [<i>SLOBODNA DALMACIJA</i> 26 Mar]	10
Details of Reorganization Plan of JNA [<i>SLOBODNA DALMACIJA</i> 26 Mar]	12

CZECHOSLOVAKIA

Social Democratic Spokesman on Elections [<i>RESPEKT</i> 5 Apr]	15
Confusion in Housing Privatization Viewed [<i>HOSPODARSKE NOVINY</i> 3 Apr]	17
Audits by Taxation Service Show Increase [<i>ZEMEDELSKE NOVINY</i> 1 Apr]	18
Next Step in Coupon Privatization Discussed [<i>HOSPODARSKE NOVINY</i> 30 Mar]	19
Law Said Making Business More Difficult [<i>SVET HOSPODARSTVI</i> 19 Mar]	21

HUNGARY

Schwarzenberg on Retribution for Communist Crimes [<i>168 ORA</i> 31 Mar]	23
NDSZ To Represent Left in Election [<i>PESTI HIRLAP</i> 27 Apr]	24
Registration of Hungarian Names Seen Obstructed [<i>SZABAD UJSAG</i> 31 Mar]	25
Foreigners Break Out of Detention Camp [<i>MAGYAR HIRLAP</i> 11 Apr]	25

POLAND

Impasse in Government Restructuring Discussed [<i>POLITYKA</i> 25 Apr]	27
Walesa Aide Views State of Nation Report [<i>ZYCIE WARSZAWY</i> 29 Apr]	29
Presidential Chancellery State Secretary Profiled [<i>GAZETA WYBORCZA</i> 22 Apr]	31
Jaruzelski Discusses Martial Law Declaration [<i>GAZETA WYBORCZA</i> 25-26 Apr]	32
Lines of Authority at MOD Remain Blurred [<i>Hamburg DER SPIEGEL</i> 20 Apr]	33
1992 Ruble Settlements With Bulgaria Extended [<i>RYNKI ZAGRANICZNE</i> 11 Apr]	34
Copper Industry: Status, Privatization Plans [<i>RYNKI ZAGRANICZNE</i> 11 Apr]	35

ROMANIA

List of Price Increases Set for 5 May [<i>ADEVARUL</i> 1 May]	37
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SLOVENIA

First Signs of Economic Upturn in Slovenia <i>[DELO 18 Apr]</i>	40
Slovene Industry Stagnating Since 1987 <i>[DELO 16 Apr]</i>	41

YUGOSLAVIA

Legitimacy of New Constitution Questioned <i>[BORBA 23 Apr]</i>	43
New Constitution, Preparation Process Faulted <i>[BORBA 23 Apr]</i>	44
Bosnian Krajina Against JNA Withdrawal <i>[BORBA 28 Apr]</i>	45

Reports on Hungarian-Ukrainian Relations

Improved Interstate Relations

92CH0499A Budapest MAGYAR HIRLAP
in Hungarian 6 Apr 92 p 3

[Article by Jozsef Hasko: "Relations Between Ukraine and Hungary Are Exemplary"]

[Text] A meeting was held between the Hungarian and Ukrainian foreign ministers. The two officials started their consultations in Zahony and Csap, then moved on to Beregszasz, and concluded their talks in Nyiregyhaza.

At the evening press conference in Nyiregyhaza, Anatolii Zenko, foreign minister of the Ukrainian Republic, told reporters that they had discussed the problems of the European region, touching particularly on the conflicts heating up in Moldova and along the Dniester. The two sides made specific proposals aimed at preventing further escalations of tensions. They agreed that third countries must refrain from interfering in these conflicts. The Ukrainian foreign minister spoke with satisfaction about the recent opening of the Ukrainian Embassy in Budapest, and thanked his Hungarian counterpart for his efforts in promoting the European integration of Ukraine.

Geza Jeszenszky pointed out that since their last meeting—in August of last year—the international situation along our country's borders has deteriorated. The two countries, however, are of the opinion that this deterioration can be halted and even reversed: The Helsinki process offers enormous possibilities toward that end. The expanding ties between Hungary and Ukraine are a clear indication of the significant improvement of relations between the two countries since the demise of the communist dictatorship. This is the kind of trend that should be nurtured throughout the entire East European region, and the kind of positive example that should eventually become the norm. Unfortunately, the events taking place in Moldova and in what used to be Yugoslavia stand out as negative examples. Relations between Ukraine and Hungary are truly exemplary. Our ties are evolving with the help of, and not over the heads of, our ethnic minorities. Our collective aim is to ensure that contacts between our citizens evolve in the same spirit and with the same consistency as those between the two of us, said Geza Jeszenszky.

After taking a few questions from reporters representing MAGYAR NEMZET, HETI, and UJ MAGYARORSZAG, Foreign Ministry spokesman Janos Herman—saying that it was already quite late—brought the press conference to a close.

Ethnic Relations in Transcarpathia

92CH0499B Budapest ELET ES IRODALOM
in Hungarian 20 Mar 92 p 3

[Article by Laszlo Balla: "Lajos Kossuth Sent a Message"]

[Text] Sub-Carpathia.... A land of great enigmas! Enigmatic is also how I would describe—both in the positive and negative sense of the word—the life of the Hungarian population of this region. It has undoubtedly been one of the most forgotten of all Hungarian-speaking minorities; on the other hand, it has also begun to rapidly break out of its "status" as the most disenfranchised minority. Of its many accomplishments several stand out as exemplary, (including the reinstitution of the Hungarian names of several slavicised communities, and the fact that in all official dealings the Hungarian name is considered valid, transliterated into Ukrainian).

The following example is also worthy of mentioning as an exemplary achievement.

One night a group of rowdy Ukrainian youth—presumably motivated by sentiments other than a feeling of affinity toward Hungarians—removed a bust of Lajos Kossuth from its place in Tecs and tossed it into a far-away ditch. The case caused an enormous uproar, and brought angry protests not only from the Hungarian Cultural Alliance of Sub-Carpathia (KMKSZ), but also from some of Ukraine's most prominent personalities, who in a joint statement to the press denounced this shameful insult to Hungarian ethnic sensitivities. An intense investigation ensued, the perpetrators were quickly apprehended and brought before the law to face the possibility of several years in jail.

And then things took an interesting turn. Speaking for their children, the parents of the perpetrators took it upon themselves to write a letter to the KMKSZ expressing their regret to the Hungarians of Subcarpathia, denouncing the shameful vandalization of the bust, and promising to work to strengthen mutual respect between the Hungarian and Ukrainian peoples and to educate their children in that spirit. In turn, the KMKSZ nobly dropped all pending charges against the youth.

Well, there are not too many examples these days of the sons of a majority nation apologizing to the minority....

I believe that today, with so many examples of people resorting to arms and the physical annihilation of others to remedy their (mutual?) ethnic grievances, we can be rightfully proud of this outcome. For the resolution of national conflicts of this nature requires a conducive atmosphere that can only be established by way of thoughtful, carefully considered, yet assertive participation in the political process, and constant compromise seeking on the part of the minority. Perhaps we already have, or are about to realize such an atmosphere.

The great Kossuth, no doubt, is even more proud now as he looks around from the pedestal onto which he has been ceremoniously replaced, saying: We can do it this way, too.

Or perhaps even more appropriately: This is the only way we can do it.

INTERNATIONAL AFFAIRS

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Expanded Trade Considered

*92CH0499C Budapest MAGYAR HIRLAP
in Hungarian 6 Apr 92 p 3*

[Unattributed MTI report]

[Text] The economic ties between Ukraine and Hungary should be further expanded. The discussion and clarification of related issues have been left to the expert committees.

Simultaneously with the negotiations between the foreign ministers, another meeting was held between the leaders of Szabolcs-Szatmar-Bereg county and Subcarpathia. The issues discussed within this context included questions concerning the further strengthening of interregional cooperation, including, among other things, the establishment of duty-free zones.

Nomenklatura Ties to Foreign Companies

Multi-International Holding

92BA0555A Sofia SVOBODEN NAROD in Bulgarian
14 Feb 92 pp 6-7

[Unattributed article: "You Launder Only Abroad (Possibly in Our Country, Too); Wanted: Multi-International Holding's Big Fish"]

[Text] These facts have been made available to us by a trustworthy source. We have tried most scrupulously to make the appropriate investigation, directing our attention to several questions:

- Is there participation of Bulgarian capital in these firms, and what kind is it—state or private?
- What kind of contribution did former Ministers Dimov and Pelovski make to the performance of such business operations?
- Why in the record of the previous government is there no mention of this matter?
- Of what nature are the functions of such international financial structures, and to what extent is there a real danger that Bulgarian capital will turn out to be under foreign control?

It turns out that, at the moment, there is no state institution in a position to give any specific answer whatsoever to these questions. The directorate that was supposed to exercise continuous control over the activity of such firms (joint firms with participation of foreign capital) is State Financial Control or, to be more precise, the foreign trade department in the Ministry of Finance. According to the head of this department, Mr. Boybo Khristov, the ministry has no information about these firms up to now, although they should have been registered with it. According to Mr. Khristov, the activity and functions of the above-indicated firms are of interest to the control authorities and merit a special investigation. But our hope that by some appropriate deadlines we would be able to offer our readers more detailed and specific information about the investigations they had made was blighted by the statement that action by the state control authorities is almost blocked at the moment. The reasons: forced cutback of key personnel and lack of funds. In the foreign-trade financial-control department, only five employees are now working, and standard facilities are lacking. The head of the department stated that at the moment they know of approximately 400 firms abroad with Bulgarian capital participation where the money is turned over with great intensity and thus does not enter Bulgaria and through which firms' state funds are diverted into somebody's own pockets. Of these firms, only 277 are officially registered, but, in practice, the number may turn out to exceed 1,000. Also, the firms in Bulgarian territory in which foreign capital actually has control merit no less attention. At the same time, the standard facilities for directly monitoring these firms actually do not exist, and the Foreign Trade Law is inoperative. Owing to reduced

personnel, the auditing activity of the financial control agencies is long and drawn out, and, in practice, all warning signals cannot be checked out. But the "lost" time is put to good account most efficiently by such firms; dubious capital is transferred and covered up by various banking machinations, mainly abroad, and, despite the desire of the authorities concerned in Vienna and London, from a certain moment on, the traces are completely obliterated. Of interest is the fact that, according to a responsible official in the above-indicated ministry, both previously and at the moment, State Financial Control has failed to take advantage of the goodwill of the highest leading circles or, to be more precise, does not want it. There is clearly emerging an effort to curb to the maximum State Financial Control's powers and, according to some, even to terminate State Financial Control altogether. Associated with this adverse reaction, to our great surprise, is the name of Mr. Asen Michkovski.

And thus it is proved that the biggest fish are caught in muddy waters. For the present, it is not clear what kind of fish the Multi-International Holding Company has caught, but we hope that can be found out after an appropriate check is made by the competent authorities. Therefore, we are addressing our question to the Ministry of Industry and the Ministry of Finance. Let's hope they manage to at least notice the school of whales in the international speculative ocean.

Bulgarian Companies

92BA0555B Sofia SVOBODEN NAROD in Bulgarian
14 Feb 92 pp 6-7

[Unattributed article: "Is Bulgarian Capital in the Possession of Foreigners?"—first two paragraphs are SVOBODEN NAROD introduction]

[Text] Has anybody told you?

Dr. Danny Rothschild and the late Robert Maxwell delighted in their acquaintance with Dimo Dimov, former minister of culture, and Mr. Lyubomir Pelovski, former minister of construction and architecture.

Multigroup, with headquarters in the city of Zug, Switzerland, was founded in 1991 and is a key organization engaged in the ownership of Bulgarian private capital.

There are three subdivisions:

- For America—the I-B-I Corporation, which is registered in Washington, USA.
- For West Europe—the Venissa Company, registered in Liechtenstein.
- For East Europe—the Multi-International Holding Company, registered in Bulgaria.

The Multi-International Company has about 25 firms in Sofia and in the country. The more significant of these are as follows:

- Credit Bank, Sofia—established with a capital stock fund of 50 million leva and 100-percent participation of Multi-International Holding.

- Sofia Insurance Company—an integrated corporation engaged in insurance and reinsurance. Capital stock fund—7 million leva and 100-percent participation of Multi-International Holding Company.
- Intersteel Trading Organization—a company in which there is 100-percent participation of Multi-International Holding and in which the object of its activity is the following: imports, exports, barter trade in the area of ferrous metallurgy, manufacturing activity inside and out of Bulgaria, trade in ores, coal, raw materials, and so forth. Annual turnover—approximately 1 billion leva.
- Intcom—object of activity: outfitting of offices (computers, fax machines, copiers), printers and publication equipment (publishing system, upholstered and nonupholstered armchairs), textiles, production of clothing and footwear. Annual profits—approximately 300 billion leva.
- Bartex—object of activity: all kinds of commercial operations and manufacturing in the area of the food and gustatory industry—salt, sugar, coffee, and other condiments. Anticipated annual profit—likewise about 300 billion leva.
- Multi-International Engineering—an engineering company specializing in radio and television supply; satellite transmitters for television programs; alarm systems; investments in the construction industry.
- Multiart Agency 9—a producer agency dealing in the following: imports and exports of objets d'art; exchange of musicians, orchestras, variety performers, ballet troupes, photographers' models, and mannequins.

Multi-International Holding also has 100 percent of the shares in the following companies and associations:

- Intertrace Company, Sofia
- Ares Delta Company, Sofia
- Multiart Gymstar, Sofia
- Agrimonde, Sofia
- Interagro, Sofia
- BulCom Info, Sofia
- Intermag, Sofia
- Multicommerce, Burgas
- Multiart, Burgas
- Elco, Burgas
- Polycommerce, Varna
- Foton, Khaskovo
- Multiart, Plovdiv

More Information

The intentions of Multigroup/Zug, a subdivision of Eastern Europe, are directed toward the formation of large financial institutions in Bulgaria that will be a bridge between Western and Eastern Europe, including banks, insurance companies, brokerage agencies, commercial funds, and so forth.

The companies for Eastern Europe represent an international foundation for assistance to and support of private

business in Bulgaria. Interbusiness 91 has been established in Sofia, Bulgaria. The members of the foundation are the following: Robert Maxwell (now deceased); Dr. Danny Rothschild of Switzerland; Dr. Mark Karniperi of Malta; Mr. Dimo Dimov, former minister of culture in Bulgaria; Mr. Lyubomir Pelovski, former minister of construction and architecture; and others.

According to the prospective annual financial report, the activity of Multigroup/Zug, together with the subdivisions in America and Eastern and Western Europe, will be approximately 1.5 billion leva.

* * *

The editors do not want to comment on these facts owing to the lack of sufficient information. Suffice it that we are the first to publish them. But why did we not hear them in the report of the previous government? And will we be obliged in the future likewise to bring to light similar hushed-up business operations? That is why the idea that members of the government should sign sworn declarations that they or their relatives will not participate in private firms, corporations, and so forth must be urgently implemented.

Doynov, Lukanov

92BA0555C Sofia SVOBODEN NAROD in Bulgarian
14 Feb 92 p 7

[Article by Mr. "X": "Czars of *Nomenklatura* Graft"—first four paragraphs are SVOBODEN NAROD introduction]

[Text] Mr. "X" disregards the risk of "being awakened" some day by a rock in the mouth and begins to speak.

From a source that for a long time held a responsible position in the Ministry of Foreign Trade, we have received additional information that we are publishing with his consent. Mr. "X" (for the present we shall keep his name secret) asserts that he has additional data that may cast light on abuses of state funds and official position, and promises after a certain period of time to make them known to the general public through the pages of the newspaper SVOBODEN NAROD.

* * *

The vegetable patch (the state) has been plundered by trade delegates (lazy spies), bullyboys (arms dealers), and former big shots ("past masters" of money-losing deals).

Where are Ognyan Doynov and his brother Emil Doynov living today, and what kind of business are they in?

Nobody Knows Who's Drinking and Who's Paying at Our Trade Delegations Now

In 1979-80, the executives of the Ministry of Foreign Trade made a decision to buy and erect the buildings of

trade delegations abroad. This in itself was something commendable, and, as part of the executive staff, I supported it. I was convinced that high rental payments, especially in the capitalist countries, were a criminal expenditure of the people's money. And ever since my grandfather's time, I had known that real estate is always profitable. For example, let me cite our trade delegation in New York. The building was bought for \$3.25 million and is located in New York City on Fifth Avenue. At the moment, \$6.5 million is being offered for it. Hence, it is a good capital investment that, even if sold at the moment, would bring a large gain, and, if kept and used efficiently for business and expansion of our trade relations with the United States, will be a constant source of revenue for the state budget. The situation is similar in Vienna, one of the most expensive cities in Europe. There the trade delegation and the residential complex are constructed on ground that was given to us by a patriotic Bulgarian, the late Ts. Tsolov. If we reckon up the high rents we were paying for the numerous trade establishments, we see that the buildings have paid for themselves long since. The question now is how they are being cared for and who is using them. The employees of the trade delegation have been cut back. This activity will probably be performed officially by one person in each of the buildings. Has the new government a clear idea regarding the use of these delegations? Unmaintained, they would rapidly go to wrack and ruin, while, to maintain them, large sums of money would be needed.

I am not aware whether it is widely known to the public, but we were sending a huge contingent of trade employees abroad. In Moscow alone, there were approximately 150 of them, in Hungary 20, in Czechoslovakia 25, in Poland 30, and so forth. Not to mention our foreign trade staff in the West. Every one of these people was provided with an automobile, luxurious living quarters, and corresponding high pay in hard currency. This was a totally needless expense, however, because in large part these people were completely unnecessary. All deals and contracts with foreign contractors were concluded here at the ministry, and our delegates abroad were merely intermediaries—a function for which a commercial counselor in the diplomatic mission would have been sufficient. Which persons were awarded appointments in the sphere of foreign economic relations? The Ministry of Foreign Trade had no power to decide this question independently because it was a matter of special state-and-party policy (we know which party it was a matter for). The appointments were, in principle, coordinated with the Foreign Personnel and Party Organizations Department of the BCP [Bulgarian Communist Party] Central Committee, whose head during this time was the infamous ideologue and founder of the Bulgarian concentration camps, Mircho Spasov. About 70 percent of the employees in our foreign trade organizations, joint companies, and official trade institutions abroad, especially in the Western states, were intelligence agents—employees of the First Main Directorate (so-called political intelligence) and of RUMNO [Intelligence

Direktorate of the Ministry of National Defense] (military intelligence). Most of these not only performed no trade functions but, as it proved, were not particularly overzealous in their secret missions, either. But they did an excellent job of draining the people's money. Later on they did a good job of prying loose the capital of the BSP [Bulgarian Socialist Party] and the DS [State Security]. Almost all of our employees abroad were the children or close relatives of former bigwigs at the central, oblast, or obshtina level. During their stay abroad, they succeeded in making connections and accumulating capital (it would be interesting to find out how), and it was not for nothing that, on their recall, they did not want to return to Bulgaria. Let us take for example one Emil Doynov, the brother of Ognyan Doynov. At the moment he is running a private business in Vienna, and where do you suppose he is living! In the Bulgarian trade complex. How much does he pay? Let the competent authorities check. But he is not the only one; there are many such. Is this what expensive buildings abroad are used for? To help private business and mollycoddles and criminal elements who already have their hands full of the people's money?

Our State Is a Looted Vegetable Patch, but the Doynov and Lukyanov Brothers Prosper

After his laughable sentence, Ognyan Doynov left for London, and, by now, it is clear it is not likely he will ever return. To the contrary, it is said that on Maxwell's death he made off for parts unknown, and it is unlikely that even INTERPOL would run him to earth. In the case of Eng. Emil Doynov, matters are no different. From the investigation, information leaked out that he was wanted to answer for the misappropriations of state funds to the value, as I recall, of over 1.25 million hard leva. The leaked information was a warning to Emil Doynov, and he likewise remained abroad. He had made the necessary connections here, too, as general director of Tekhnika and later as deputy minister proposed and put forward by Andrey Lukyanov and as trade representative in Vienna. He had prepared his affairs materially beforehand, supplementing his salary from other sources, and now he will run a business. Surely most of the trade employees who preferred abroad acted in this way. Or let us take the firm established by Manya Lukanova in the center of Vienna, not just on any street but on the Kaertnerstrasse. This is the most expensive street, and possessing a gallery on it takes a great deal of money. One is given pause just to pass by the shop window, let alone dream of possessing one's own firm with a shop and a gallery. Where do these thousands of hard leva come from to pay the rent if the premises were not their property? In my opinion, a thorough check must be made and the sources of these funds proved because I am convinced that intense laundering is going on here.

Ognyan Doynov and Andrey Lukanov Czars of Money-Losing Deals

Check, for example, how the deal was concluded whereby we bought a plant in Austria. As far as I recall, it cost us approximately 76 million but was so worn-out and obsolete that the Austrians themselves poked fun at us after the purchase. An article even appeared in their press saying that Bulgaria was buying antiquated machinery. We also bought a similar plant in the former West Germany. The Americans were going to the moon while the Bulgarians were buying enterprises to produce nuts, sheet iron, and other things of this kind. That is, not only old, but also operating in absolutely unpromising fields. The responsibility rests with those who sanctioned the purchase of these enterprises. And this was the policy of Ognyan Doynov and Andrey Lukanov.

There were other violations as well. A director of a commercial company abroad, for example, could not receive a monthly salary of more than \$1,000. This amount was the ceiling of our trade representatives, with whose salaries the directors' salaries were equalized. Often, however, directors' salaries were brought into line with West German or Austrian salaries, which means that they received on average \$7,000. By law, the difference between the amounts was supposed to be remitted to the state budget. It is the job of the public prosecutor's office to check whether these differences were returned or laid the foundation of the private business of those who preferred to remain abroad.

Kintex and Intercommerce—A Bottomless Pit

The Kintex firm was in the Foreign Trade Ministry. It was headed up directly by Minister Khristo Khristov, who permitted nobody else, except perhaps his deputy, Spas Georgiev, to have a look at its activity. I know, however, that it was Kintex that settled arms-sales accounts. The permission of the minister of national defense, then General Dobri Dzhurov, was required; he authorized the sale of a given arms item, and the deal went forward. These were absolutely illegal deals and apparently connected with certain Mafia structures. The sales did not take place in the enterprise itself, but there were secret rendezvous; meetings were conducted in apartments specially rented for this purpose by Kintex in order to protect the conspiracy—that is, the Mafia, the secret chain. The details were known only by Todor Zhivkov, Dobri Dzhurov, Ognyan Doynov, Andrey Lukanov, and Khristo Khristov. Where the arms went and what the channels were will be very difficult to check. This is no doubt a job for the public prosecutor's office. The trailer was loaded and driven to the appointed spot; there its numbers were removed, and it was hauled by another truck tractor to another place so that the trail would be lost right here in Bulgaria. Some drivers load the truck, others handle it at the other place, while the most trusted ones seal it up at yet a third place and drive it to the destination.

As a responsible foreign trade employee, I had oversight also of Intercommerce's activity. Even then the firm had foreign companies, but they were connected neither with parties nor with the DS. What activity this firm developed later under some cover I do not know; I will tell you only that a great many "flexible" and "practical" merchants were employed there. For example, Mrs. Martina Savova, deputy general director of Intercommerce, ran her own firm in New York. It would be interesting to know where on earth this lady is today and how she is running her business. (Editor's Note: According to our data, her business in New York did not do well. Afterwards, she set out for Cyprus. From there her tracks are lost.) I wondered after my transfer whether she stole or officially laundered party money. I cannot say precisely, but it is a logical question how she was able right after 10 November to set up and run a firm not just anywhere but in New York. What is obvious is the rapid mushrooming of foreign firms, most of them in the possession of former figures in the system. Those who made money-losing deals at the expense of the state demonstrate an extraordinary flair in their own private business. For example, one Biser Nikolov. When Ognyan Doynov was in charge of Tekhnika, a great many tips were received that Biser Nikolov was bringing in antiquated U.S. equipment in huge quantities. Before 10 November, he was taken into custody at the Main Investigation Directorate, but, thanks to the intervention of Ognyan Doynov, things were covered up and he was released. Immediately after 10 November, this guy slipped away and now has his own firm in New York. This is one of the swindles: Import expensive but antiquated equipment; take the relevant commission, simultaneously participating sometimes pro rata in the profit, as well; make your getaway and, with the capital and the connections you have built up, sort out your life.

Legal Aspects

92BA0555D Sofia SVOBODEN NAROD in Bulgarian
14 Feb 92 pp 6-7

[Unattributed article under the rubric "Item of Information Without Commentary": "Bulgaria—Unfenced Farmyard?"]

[Text] 1. Disposed of: Case No. 5/1991 under investigation in the office of the Chief Public Prosecutor under Article 282 of the Criminal Code against the Karamanev persons, Khristo Khristov, Stoyan Ovcharov, Stanko Todorov, et al. Damages were done to the state in the amount of 23 million leva.

The case was brought for illegal distribution of automobiles out of turn, by way of exception.

2. Disposed of: Inquiry into crimes committed at the Second Cardiological Center of the MA [Medical Academy], headed by Dr. Al. Chirkov, in connection with Articles 203, 212, 250, and 282 of the Criminal Code. According to preliminary data, damages in an amount exceeding 17 million leva were done.

3. Disposed of: Case under investigation against Lebanese citizen Dr. Gazuan Akhmed, head of the Orient Firm. The case is under Article 212 of the Criminal Code. The accused, through no-account checks, fraudulently withdrew sums from the DSK [State Savings Bank] and the Bulsovinvest Bank. Damages in an amount exceeding 13 million leva were done. The case was brought under Article 212 of the Criminal Code and in connection with Article 249 of the Criminal Code.

4. An investigatory action has been brought against the former secretary of the BKhDP-ts [Bulgarian Christian Democratic Party (Center)], who withdrew from the party's hard currency account all the currency in the amount of \$300,000, with which he left for Europe for parts unknown. He is being sought through INTERPOL.

Michkovski's View

*92BA0555E Sofia SVOBODEN NAROD in Bulgarian
14 Feb 92 pp 6-7*

[Unattributed interview with Asen Michkovski, deputy; place and date not given: "Todor, Andrey, and Ognyan Have Committed a Joint Damnable Deed"—interview appears under the rubric "Report of the Commission on the Economic Catastrophe"]

[Text] [SVOBODEN NAROD] Mr. Michkovski, will you indicate some of the names cited in the report prepared by the commission as those to blame for the economic catastrophe?

[Michkovski] They are Todor Zhivkov, Andrey Lukyanov, Ognyan Doynov, et al.

[SVOBODEN NAROD] Do you think that this subsuming under one common denominator of "those to blame for the economic disaster" is appropriate, and does it not to some extent block the course of the judicial investigation? Rebukes of this nature have already been levied against the commission in both National Assemblies.

[Michkovski] I do not think it best to investigate the violations and acts of malfeasance of each one individually. They have committed a joint damnable deed and should have to answer for it. Their activities are so intertwined, so joint in character, that the responsibility of one cannot be considered separately from the responsibility of the other. But, of course, they must not be subsumed under one and the same denominator. Precise determination of their guilt will be a matter for the investigative authorities and the court.

[SVOBODEN NAROD] Does the commission have at its disposal sufficient facts to prove its accusations?

[Michkovski] In my opinion, for most of them yes. Still, I am not a lawyer, and I do not pretend that my assessment is accurate.

[SVOBODEN NAROD] In the Foreign Trade Department of the Main Directorate of State Financial Control

in the Ministry of Finance, there has been mention that upper civil servants, even of the present government, are opposed to state control and deliberately block its activity. But this is a necessary element in the comprehensive investigation of the violations you have mentioned, of suspicious foreign firms, and so forth. Your name has also been mentioned in this connection....

[Michkovski] Under no circumstances would I do or say such a silly thing. It is a different matter that certain persons in the state financial control structure who are not up to their job and contribute nothing to the performance of this important financial control function should be replaced.

[SVOBODEN NAROD] These people likewise adduce the fact that there are far too few of them—there are only five persons in the Foreign Trade Department, and they are charged with investigating all acts of malfeasance incredible in their scale. They should also travel abroad, but there are no resources for that.

[Michkovski] I sincerely sympathize with them. The job is a big one, and, if they are actually experiencing such problems, this will naturally adversely affect the quality of the job. But I repeat once more: I have nothing against this directorate.

[SVOBODEN NAROD] Don't you believe that two years have sufficed for the laundry to get its job done and that by now some things will be very hard to prove?

[Michkovski] Your question is rhetorical. Of course, that is so. Any delay along these lines results in the covering up of tracks, in a change in the cast of characters and the possessors of the money and, ultimately, creates real and serious difficulties in further investigation. But this is no reason to give it up.

[SVOBODEN NAROD] But are the people on the list of those to blame for the economic catastrophe only from the upper echelon?

[Michkovski] They are very diverse, but, for the most part, they are. And this is natural. But they are also people from the (former) security service, there are international charlatans, crooks, drug dealers, and so forth, who were not in the upper echelons of authority but were directly guilty of doing damage to the state.

More Allegations

*92BA0555F Sofia SVOBODEN NAROD in Bulgarian
14 Feb 92 p 7*

[Unattributed interview with Margarit Mitsev, deputy; place and date not given: "Data About Acts of Malfeasance Have Been Collected in 10,000 Archival Items"—interview appears under the rubric "Report of the Commission on the Economic Catastrophe"]

[Text] [SVOBODEN NAROD] Mr. Mitsev, will you add to Mr. Michkovski's list of well-known names?

[Mitsev] Stoyan Markov, Grisha Filipov, Ogyan Doynov, Chudomir Aleksandrov, Kiril Zarev, Rudion Dukov, and, chiefly, the leading figure in Bulgarian economic thought in the recent past, the highly competent Andrey Lukanov. Mr. Lukanov's signatures stand below and above the line, like an "I approve" stamp, of—to put it mildly—the most incompetently drawn international treaties and decrees of the Council of Ministers with the classification of "Strictly secret," which not only injured the country's interests but also dissipated whatever the Bulgarian people had been able, for one reason or another, to accumulate during those ever-so-long 45 years.

[SVOBODEN NAROD] But are you only able to reproach these gentlemen for incompetence, or do you have proofs of deliberate acts of malfeasance?

[Mitsev] Whether there was intent or not, the court will say. If it becomes clear, there will be a case. The point is that no one who is concerned about Bulgaria's interests can, in good conscience, buy machinery at second hand, in the former second [i.e., outbound] direction, for nearly 1 billion hard leva. That is to say, the purchase was in the amount of approximately 5.25 billion, but about 1 billion thereof was for machines that are no good and have not been put into service. If you bear in mind that, under Article 219 of the Criminal Code an ordinary director can be prosecuted because he did not put the purchased machinery into service and the crime of "mismanagement" was perpetrated, you will think twice about this purchase. On the other hand, loans were made to the so-called fraternal countries like Angola, Mozambique, the People's Democratic Republic of Yemen, Nicaragua, and so forth on terms extremely unfavorable for Bulgaria. For example, if we got a loan from a Western bank and we owed it 6 percent interest on this loan, we offered loans to the aforementioned countries at, say, 4 percent interest. For even a comparatively unconvincing person, the question arises: Where did the 2 percent difference go?

Our job was not made easier, among other things, because the commission set up in the Grand National Assembly at that time did not finish its job. Absolutely nothing got done. There was an exceptionally great amount of data. They had approximately 10,000 archival items, and, with good intentions and conscientiousness, they could have done a better job of investigating.

[SVOBODEN NAROD] Did you make any investigation of the origin of the funds invested in the foreign firms of Mr. Lukanov and Company?

[Mitsev] I like Nietzsche very much. And he said, "Strike when the time is right!" That time is not yet.

[SVOBODEN NAROD] What data do you have regarding violations and acts of malfeasance in the case of the other persons?

[Mitsev] I want to emphasize strongly that, in this instance, the issue is not prosecution but something much more

important. Finding out who, in the final analysis, duped this nation. Our report, for example, mentions that some people were discharged as civil servants in central departments because they did not agree to doctoring the report to the TsSU [Central Statistical Administration] on the country's rate of economic progress. One of the great economic snafus is our oil concession in Libya. The losses so far, roughly speaking, exceed 200 million leva. The treaty for this concession was concluded in terms extremely unfavorable for Bulgaria. For example, only 15 percent of any extracted oil will be for our country, while exploration and extraction costs are entirely at our expense. There is a report from Bulgarian specialists like geologist Dobrev of Varna and Kalchev of the Ministry of Foreign Economic Relations, who have pointed out the hopeless character of such a concession. They ground their argument on data of a French consortium that made the same explorations and was convinced of the lack of promise of any such thing. But the former deputy chairman—I think it was Stamen Stamenov—wrote on page 8 of his report that it was outstandingly promising. The signatures of Grisha Filipov, Andrey Lukanov, and Stankov are there, legitimating an unlawful act making free with Bulgarian foreign exchange funds.

[SVOBODEN NAROD] We have heard that Ogyan Doynov has disappeared for parts unknown. What do you accuse him of, and do you think you will succeed in tracing him?

[Mitsev] We do not have to trace him. That is a job for the competent authorities concerned. Ogyan Doynov is undoubtedly one of the people who are hugely to blame for the present state of the Bulgarian economy. He is one of the authors of megalomaniacal projects like the so-called explosion of the electronics industry. It turns out, however, that we are importing equipment from Western Europe and other countries for dollars, while we are making computers here and exporting them to the Soviet Union for transfer rubles. It is an absolutely unsound idea. On the other hand, geopolitically, he oriented our foreign trade in the main toward the so-called CEMA countries and the Soviet Union. This, in general lines alone, is what the "esteemed" Mr. Doynov is guilty of.

[SVOBODEN NAROD] The names Ogyan Doynov, Andrey Lukanov, and former Minister of Foreign Trade Khristo Khristov are associated with certain mysterious arms deals made through Kintex. Are you making an investigation along these lines?

[Mitsev] I am incompetent regarding anything having to do with arms. I cannot comment on this question. I do not know how to hold a rifle and you are asking me about arms deals. Naturally, it is not likely that I have anything to tell you.

[SVOBODEN NAROD] Will you give other names from the lower echelon of authority?

[Mitsev] I will give only one example, without directly answering the question you ask. The aforementioned Mr. Kalchev, who demonstrated the unsoundness of the negotiations for the oil concession in Libya, was dismissed from a commission chaired by Mr. Georgi Pirinski.

Disinformation of Serbian News Agency

92BA0865A Zagreb *VJESNIK* in Serbo-Croatian
22 Apr 92 p 5

[Article by Salih Zvizdic: "Serbian Media in Twilight Zone: Serbian News Agency From Preserve of Malicious Lies"—first paragraph is *VJESNIK* introduction]

[Text] Thousands of fabrications and pieces of disinformation, all of them launched systematically, according to the same recipe: Blame someone else for one's own crimes in order to justify oneself and stir up animosity among one's own people towards the aggressor's victims.

In the information war whose Serbian headquarters will put up with anything, and in terms of the vehemence of the attacks, Serbian newspapers, radio, and television are striving to be a match for Goebbels-style propaganda.

In an interview with Slovene Television several days ago, Vuk Draskovic, whose attitude towards "the enemies of Serbia" is practically identical to that of Milosevic, said, among other things, that the Serbian public media are extremely partial, that Serbia no longer receives outside information, not even through Sarajevo Television, because even that transmitter is now working for Serbia, that lies from Serbia have achieved the upper limit of tolerability, even for the ears of those who want to hear only good things about Serbs and Serbia. Admittedly, Vuk Draskovic is by no means a yardstick for truth about Serbia, but the tone and vehemence with which he was attacked for what he said by Milosevic's factories of lies and by the ruling party is an indication that he hit the nail on the head.

Not Even Any Sick People!

While the "Arkanites" and Serbian volunteers who had crossed the Drina in Semberija were attacking Bijeljina and butchering Muslims (of whom around a thousand were killed), Belgrade's VECERNJE NOVOSTI was informing its readers that "Arkan's soldiers are going around to Muslim homes and distributing food to the stricken." In fact, they were going around to Muslim homes with knapsacks and tractors, and taking away everything that they wanted. Previously, they had plundered numerous stores in the city and sent the goods to Serbia.

In the village of Gornji Sepak, near Zvornik, Chetnik and various "volunteer" units from Serbia massacred the local Muslim population, which had risen up in defense of the village. This was discussed by Alija Izetbegovic, but also by the few inhabitants who managed to escape the Chetnik encirclement of that mountain village. In its issue of 12 April, however, POLITIKA wrote that "No one has attacked Gornji Sepak, there are no dead in the village, nor any wounded, nor even any sick people." It appears that even the sick were cured....

The same evening, the Belgrade television station NTV [expansion not given] showed a film on Arkan and his Serbian Volunteer Guard in which that "leader of

tigers," a criminal known even in Europe (and for whom there is currently an Interpol arrest warrant waiting in Belgrade) was extolled as a hero. Humanity was ascribed to his guardists, whose crimes are met with astonishment in Europe. On 12 April, POLITIKA wrote about that film under the headline: "Serbs Are Strange People: For Every Good There Is a Flaw, For Every Flaw There Is a Virtue."

While Foca was burning on 10 April and dozens of Muslims were being massacred according to the same recipe as in the summer of 1941, EKSPRES POLITIKA, POLITIKA, Radio Belgrade, and other Serbian and Montenegrin media were announcing that "Foca is not being attacked by Serbs, but rather by Muslims. Islamic fundamentalist snipers are firing from mosques," they wrote, while "Serbian authorities and Serbian police are in operation in Foca." In fact, there was not a single Muslim in Foca at the time who was capable of offering resistance, because they had retreated before the Chetnik forces, who outnumbered them 10 to one, or they had been killed.

Under the headline "Europe Not Interested in Truth," POLITIKA EKSPRES wrote on 11 April that "the shocking pictures of Ustashi crimes from Kupres, which were taken by journalists and photographers from Novi Sad Television, will not be circulated by Eurovision, because officials in Geneva refused to accept these pictures, given the fact that they have reporting on Kupres from Croatian Television, of course." The truth, once again, is something entirely different. That report was received in Geneva, but another report from Kupres was in fact received, which was broadcast by the British Visnews service, but it was about refugees.

Tablets as Ammunition

Describing the offensive by the Croatian Armed Forces in Baranya on 3 April, POLITIKA told its readers on 10 April that during that attack the Croatian side "made use of territory in neighboring Hungary," which, by the way, Hungary immediately denied. In that context, POLITIKA also published a facsimile of a German box of tablets for disinfecting water. Clearly written on it, in German, was "Wasserentkeimungs-Tabletten" [water-degermination tablets], in addition to the ingredients and instructions for using the water-disinfection tablets. Nevertheless, the caption underneath the facsimile read, "Label on boxes of ammunition, indicating its German origin." Either no one at POLITIKA knows German or people at that newspaper think that their readers will still swallow anything that serves their purposes.

Bozidar Vucurevic, the "president of the SAO [Serbian Autonomous Region of] Serbian Hercegovina" from Trebinje, sent a letter to the presidents of the Muslim and Croatian opstinas in B-H [Bosnia-Hercegovina] in which he demanded that "arrested, innocent Serbs be released immediately" because "otherwise we in the territory of the SAO Hercegovina will arrest two Muslims and two Croats for each arrested Serb." The letter

was published in POLITIKA EKSPRES, but the other Serbian media did not run Vucurevic's threat, reporting only his demand that "arrested Serbs" be released.

On 10 April, TANJUG ran an interview with Radovan Karadzic by Radio Montenegro in which Karadzic denied "that Serbian snipers fired on citizens in front of the republican parliament building of B-H in Sarajevo." At the same time, YUTEL published a picture of the snipers arrested at the Holiday Inn in Sarajevo who had fired on citizens in front of parliament. When asked by an armed member of a Muslim unit who sent him, one of the captured snipers told the crowd of citizens: "I was sent by Sinisa Karadzic." Thus, Radovan Karadzic's son.

Especially prominent in the production of lies in recent times is the newly formed "Serbian News Agency [SRNA] of the Serbian Republic of B-H," which was born in the Milosevic-Karadzic preserve of lies. This "agency," whose reports are carried by all the Serbian media, said on 11 April that "members of the SDA [Party of Democratic Action] rendered the television transmitter in Hum inoperative." However, the truth is that the government of B-H lodged a protest with the Serbian side, which had seized that transmitter and which has been operating on behalf of the "Serbian Republic of B-H" since then.

The Whole Village...

SRNA is especially active in the fabrication of lies from the front in western Herzegovina, where it generally reports mostly on "Ustashi crimes," with no regard even for the information provided by the Serbian army and the Chetniks. Thus, it reported that "the Ustashis repeatedly burned and completely destroyed" the Serbian village of Malovan on the Kupres plateau, and that the local Orthodox church was leveled by artillery and tanks. An outright lie. HTV [Croatian Television] ran pictures from Malovan, which is completely intact, while the Serbian church is all in one piece. SRNA also alleged that "Kupres was liberated back on 4 April," although at that time the defenders held not only Kupres, but also the entire plateau.

On 14 April, Serbian "volunteers" from Romanija kidnapped two members of the UNPROFOR [United Nations Protection Force] on the outskirts of Sarajevo. However, action was taken by the Sarajevo command of the military region, which was immediately informed of this by UNPROFOR headquarters, and the officers were quickly found among the Chetniks and returned. A report on this was also sent to the "command of the JNA [Yugoslav People's Army]." However, SRNA said that these officers were kidnapped by "Muslim paramilitary units," which do not even exist at this part of the front. Incidentally, B-H Minister of Information Velibor Ostojic is in Foca, where he is working as one of the coordinators of the battle by Serbian forces against Muslim units in eastern Bosnia. He is said to be the director of SRNA.

Thousands of similar fabrications and pieces of disinformation, all of them launched systematically, according to the same recipe: Blame someone else for one's own crimes, not only to justify oneself, but also to stir up animosity among one's own people towards the aggressor's victims. There are numerous forms and various nuances, but the goal is always the same.

The fact that this gang of fabricators of lies is synchronizing its activities with those who are pulling the strings behind the scenes is shown by the example of Commander Milosevic, who told Serbian radio and television on 15 April, after meeting with Vance, that "all paramilitary units are forbidden in Serbia" and that "I declare with full responsibility that not a single paramilitary formation has been sent into B-H from the Serbian territory." Like teacher, like pupils!

Serbian 'MOST' Plan for Conquest of Bosnia

*92BA0836B SLOBODNA DALMACIJA
in Serbo-Croatian 26 Mar 92 pp 8-9*

[Article by Andrija Popovic: "MOST for the Destruction of Bosnia-Hercegovina!"—first paragraph is SLOBODNA DALMACIJA introduction]

[Text] The Serbian army, according to some assessments, is planning to invade Tomislavgrad, Citluk, and even Siroki Brijeg! According to the first version, the occasion for the attack would be a wedding again, and according to the second one, sealed truck cabs full of Serbian commandos would be used. The "MOST" [Bridge] plan provides first of all for taking possession of all the more important points in Bosanska Posavina, and then, following a system of jumping-off points, while carrying out strictly controlled and strictly guided incidents between Serbs and Croats or Muslims, occupying points toward western Herzegovina, which is first of all to be gradually surrounded.

The "covering" of the entire territory of Herceg-Bosna by the Serbian army is being consistently carried out in accordance with a detailed military plan prepared in several versions, with the classification "NATIONAL DEFENSE—STATE SECRET" and the code name "MOST." The above-mentioned document, so highly ranked in the scale of classification markings, was found on one high-level officer of the Yugoslav mob of soldiers.

In spite of the fact that the strategic goal that the Serbian army wants to achieve on Bosnian territory is no longer a secret today, because it has been outlined more and more intensively in recent days, "MOST" nevertheless threw more light on the whole thing. The starting points that are designated as "arbitrary assumptions" for implementation of the planned military operations are interesting, especially the one among them which emphasizes the necessity of the existence of the Muslim dilemma. From all indications, the Serbian generals are most afraid of the possibility that the Muslims in Foca may see through things earlier than they should.

Taking Hostages

The plan first provides for taking possession of all the more important points in Bosanska Posavina, and then, following a system of jumping-off points, while carrying out strictly controlled and strictly guided incidents between Serbs and Croats and Muslims, occupying points toward western Hercegovina, which is first of all to be gradually surrounded from the flanks. All of the actions cited in "MOST" are intended to be carried out suddenly and instantaneously, with assistance from infiltrated civilian groups and saboteur units.

Some of the tasks in the secret document have already been carried out. This is apparent from one section that actually constituted an order to the commander of one of the tactical groups which, under the plan (for the public) "Training Activities," was supposed to occupy "camp areas" southeast of Bosanski Brod, from which JA [Yugoslav Army] forces would be able to control the more important strong points and important lines of communication. The action was planned for a tactical group composed of one battalion's formation reinforced by a tank or other motorized company ("... Carry out the task in cooperation with a motorized unit."). This action has already been carried out, and it is actually the signal that everything "is going according to plan." Particularly interesting is the formulation of the task that the unit received after arriving at the planned goal: "Deploy in the Vinska region in readiness for action and repulsion of attacks by paramilitary forces and ZNG [National Guard Corps] forces along the route...." One can conclude from this sentence that the political platform for major army activities on the territory of Bosnia-Hercegovina is being prepared on the basis of the formula already seen, "disarming paramilitary formations." In this regard, they are naturally thinking of the Croats and Muslims, with the emphasis on Bosanska Posavina and western Hercegovina. The plan obviously proceeds from the assumption that there will be armed conflicts while disarming such units, and so all movements by JA forces in Bosnia and troop maneuvers are carried out on the basis of the tactics of conducting an armed struggle.

From all indications, the implementation of "MOST" did not begin with the actions in Bosanska Posavina, but rather much earlier, since when we go back a little and recall all the activities of the Yugoslav Army, we will very quickly arrive at the conclusion that those activities were similar in both content and nature. The activities are being carried out hastily today, in the area of Bosanski Brod, along the route Brod-Bosanski Samac-Derventa, to which, for example, over 30 saboteurs were recently brought from Pancevo. The arrival of 400 of Arkan's men, who were deployed in Serbian villages, was also recorded somewhat earlier in that region. That kind of scheme has already been seen. It is followed by concrete militarization. In fact, the JA already carried out that planned deployment somewhat earlier in the area of eastern Hercegovina and northern Bosnia. Now western Hercegovina is following them. In that plan,

Sarajevo, from all indications, has been assigned the role of a divided city. According to the plans of the Serbian generals, if necessary Sarajevo will be divided by a wall of barricades, like the Berlin Wall. When everything is examined together in the broader context, when the analysis is performed in view of what has been planned and done, and the fact that the Serbs in Bosnia-Hercegovina have succeeded in achieving the fundamental prerequisites for aggression—all the Serbs are armed, all the Serbs are organized and under one commander's baton, the Serbs in Bosnia-Hercegovina, the JA, and Serbia have the same desires on the territory of Bosnia, and finally, the Muslims, confused and conciliatory, are keeping silent—it can be projected that the Cetniks' main activity in the area of Bosnia-Hercegovina could follow within the next five days. In any case, the principal "role" will be played before 6 April. Naturally, at the same time one can expect intensified combat operations and provocations along the front line in the Republic of Croatia, with attempts to conquer small sections of territory, especially on the front in the Dubrovnik sector.

What kind of scenario has been prepared for western Hercegovina? There are serious indications, judging from certain analyses in "MOST," that the Serbs will resort to direct provocation, making use of cunning actions by commandos in civilian clothing. The Serbian army, according to some assessments, plans to invade Tomislavgrad, Citluk, and even Siroki Brijeg.

Several versions of the plan that has been prepared for attacking the principal and strongest areas in western Hercegovina. The first and the second are not unknown. According to the first version, Serbs would organize a wedding and try (it is really hard to believe in the success of this, especially in the Siroki Brijeg region) to enter the towns, making use of false documents and vehicles with Mostar license plates. Support for such "wedding guests" would be provided by two or three coolers, in which weapons would be hidden. The weapons would be handed over at specific locations, and afterwards the Cetniks would probably try to seize vital installations, while taking hostages or even important strong points. At the height of the battle, the members of JA assault units would come to the Cetniks' assistance, and would try to use helicopter assaults to cover at the same time the control points for important lines of communication. The second version excludes the wedding guests. It provides for the use of officially customs-sealed truck cabs containing Serbian commandos. It should be said that the actions thus conceived are not particularly original, as it seems at first glance. Many things like this have already been seen, and Yugoslav Army commandos have practiced similar tasks precisely by using large transport vehicles. According to estimates by military analysts, if the Serbs attempt actions of this type, the main protagonists will be Arkan's forces. Recently, more precisely on 19 March, members of a detachment of Arkan's Cetniks suddenly surrounded a police station in Bosanski Samac, demanding as an ultimatum that the

police return automatic pistols with silencers that had been confiscated the day before from members of the Yugoslav Army and their Cetnik formations, who had been walking around the city in civilian clothing, armed to the teeth. This is the best illustration.

Cetniks Attack by Night

The raising of the temperature to the boiling point in Bosnia-Hercegovina has already been achieved through the activities in the Neum opicina and the increased combat activities of the HV [Croatian Army] on the southern Croatian front. The news that recently the Cetnicks on that battlefield have been attacking hardest at night is being interpreted as their attempt to avoid encounters with EC observers. The continuing provocations in that part of the battlefield were obviously supposed to distract attention from the accelerated mobilization in all of eastern Hercegovina.

The "MOST" plan, as it is conceived, clever and gradual in its preparation, and instantaneous in its concluding stage, will certainly not succeed overall, as the last spasm of the sick "dinosaur." The preventive measures that are necessary in Hercegovina (and which will perhaps be of an offensive nature in some places) will be sufficient to destroy it forever.

Details of Reorganization Plan of JNA

*92BA0836A Split SLOBODNA DALMACIJA
in Serbo-Croatian 26 Mar 92 pp 8-9*

[Article by Kresimir Meler: "The Yugoslav People's Army Is Growing Into the Yugoslav Defense Forces"—first paragraph is SLOBODNA DALMACIJA introduction]

[Text] Which areas will be covered by the five "military-operational zones"; control over Prevlaka and the coast up to Cavtat planned; where bases for "preventive action" will be stationed; most of the garrisons in locations with a predominantly non-Serbian population; untouched armored forces, but the "air force" is being renovated with MiG-31's; storing weapons for the needs of Martic and his gang; legalization of paramilitary formations "as needed"; the "transformation" is to start on 1 May at the latest!

The dinosaur that (a few people still) call the Yugoslav People's Army [JNA] will soon—by 1 May at the latest—begin its transformation into a new armed force that should meet "the needs of defense and the capability of a preventive strike" for the future Rumposlavia.

The Serbian Ministry of Defense, in cooperation with the so-called Federal Secretariat for National Defense and the General Staff, has developed a plan for the reorganization (or transformation, if you prefer) of the JNA into the Yugoslav Defense Forces, as the new armed force in southeastern Europe is called in the working version (which is to be adopted by the Serbian and Montenegrin governments). According to this, "the

transformation of the JNA is essential because of the new element in military-political relations in the Yugoslav region. Above all, this has to do with the command structure, which has to suit the newly arisen situation and the ethnic structure in the renewed Yugoslavia."

What does this mean in practice? In practice, Serbia will still have a monopoly in commanding the army. Serbian personnel will constitute 92.6 percent of the command personnel, Montenegrin personnel 7 percent, and all the rest, 0.4 percent of the army's military leadership. That formula, however, will not be used for recruitment into the JOS [Yugoslav Defense Forces], or, as it has been translated in the documents in English, YUDEF.

Five Military Zones

Specifically, "the recruit composition of the JOS will be organized on the basis of the principle of the obligation to perform military service, for the period specified by the Law on Military Service." As things stand now, people would remain in the army for 12 months, while civilian service has not been planned at all, because "there are no justified reasons because of which a psychologically and physically healthy person would not perform military service in normal training." It is even more interesting that "50 percent conscripts of Serbian nationality, 20 percent of Montenegrin nationality, and 30 percent conscripts of other nationalities" would be recruited. According to the claims of the JOS's creators, this is supposed to "guarantee equality in the future joint state"! And everyone would be capable of such service of whom "the medical commission of the appropriate garrison clinic or health station determines that they are psychologically and physically capable, and that their psychophysical development is in accordance with their age." How someone would prove that he really is sick is not specified—only if they do not act in accordance with the famous "catch-22": "You are fit for the army in any case, even if you prove that you are crazy. That is because it would only occur to a very smart and healthy person to prove something like that!"

It has been planned that the new army will be deployed in five military-operational zones, of which the first would have its headquarters in Belgrade, and its boundaries would be Sid, Ruma, Stara Pazova, Pancevo, Bela Crkva, Kladovo, Negotin, Paracin, Kraljevo, Cacak, and Bajina Basta. The headquarters of VOZ [military-operational zone] II would be in Novi Sad, and it would occupy the (remaining) area of Srem, Banat, and Backa.

The third military-operational zone would occupy the geographic area of Montenegro, but not just that. Specifically, control over the Croatian peninsula of Prevlaka and the Adriatic coast up to Cavtat has also been planned. The naval area whose headquarters would be in Kumbor, in the Boka Kotorska Bay, would also be part of that zone. It is not hard to understand why they are persistently trying to take part of the coast away from Croatia. After the loss of the Zrnovnica Electronic Surveillance Center and the much stronger one in Divulje

near Trogir (and the abandonment of those locations along with their equipment), serious obstacles have appeared in controlling the Adriatic water area, but also in the communications of the remaining "JNA" units on Vis and Lastovo with the commands in Kumbor and Belgrade. Communications used to be maintained through Divulje both with the Knin corps and the JNA units in Hercegovina. Communications with those areas which are under the control of the "JNA" are now maintained through the Electronic Surveillance, Observation, and Communications Center temporarily located near Tivat. Because of the configuration of the terrain, however, those communications, as well as the observation itself, are ineffective.

Bases for "Preventive Actions"

It would be quite different if the "JNA" succeeded in keeping control of the area south of Cavtat. The EOI [Electronic Surveillance and Reconnaissance] Center located on Prevlaka would allow uninterrupted interception of communications in Croatia, and unlimited control of the Adriatic, but also of northern Albania and the Ionian Sea. What would be within the remaining two military zones? The fourth zone, in the south, would be bounded by Pljevlje, Sjenica, Novi Pazar, Kosovska Mitrovica, Leskovac, and Dimitrovgrad. Finally, there is the fifth zone, whose southern boundary would be Kumanovo, and alternatively D. Dupeni, which only confirms that Serbia is still counting on the "association" of Macedonia and possibly even (part of) Bosnia-Hercegovina. According to the concept of Serbian Defense Minister Marko Negovanovic and the SSNO Political Administration, who worked on the project together, the "military-operational zones" thus conceived would also have four corps, and a number of military bases for so-called "preventive actions." The garrisons would be located in Sombor, Subotica, Vrsce, Kikinda, Bela Crkva, Vrbas, Zrenjanin, Sremska Mitrovica, Valjevo, Paracin, Zajecar, Leskovac, Pristina, Novi Pazar, Niksic, Prizren, Kumanovo, and Pec, while Belgrade, Novi Sad, Nis, Urosevac, and Podgorica (Titograd) would have the corps. If it seems to you that most of the garrisons are stationed in areas where there is a rather numerous non-Serbian population, you are right. Only four garrisons are located in areas that formerly belonged to Serbia proper and where members of other nationalities are almost an unknown quantity. The armored divisions have been similarly deployed, or are yet to be deployed. The largest concentrations of them have been planned in Subotica, Backo Petrovo Selo, Kukujevi, Novi Knezevac, and in the south, in Novi Pazar, Kosovska Mitrovica, Prizren, and Djakovici. What is particularly interesting is the fact that the reorganization and transformation of the "JNA" into the Serbian army, formally as well, will not even affect the number of armored divisions, while JRV [Yugoslav Air Force] and PVO [anti-aircraft defense] will only be slightly reduced, or—as the Belgrade soldiers plan—will be renovated with MiG-31 aircraft, but also with ground-to-ground and ground-to-air missile systems, which are

to be bought—when the embargo on arms imports is cancelled—from certain countries in the Middle East and Far East which are favorably inclined toward Serbia. If you wonder what a small country needs with so many weapons then you are very naive, because the "Concept of the Formation of the JOS" says that "the extremely unfavorable international aspects (the renewal of imperialism), and the aspirations of neighboring states with respect to the peoples of Yugoslavia, require the strengthening of the country's defensive capability and a different concept for the defense system, modeled after the experiences of Israel, Iraq, and several other countries." To put it simply, Serbia is preparing for "preventive strikes." That is probably why it has also been planned that missile units will be deployed along the Serbian-Croatian, Serbian-Hercegbosnian, and other borders, with the emphasis on Croatia and Hungary. According to the plan, in the future (i.e., by May 1993), military bases of rapid action units are also to be deployed along those two borders, as well as the border with Bulgaria and Macedonia; altogether, this does not represent a guarantee that Serbia's neighbors will sleep peacefully. In fact, knowing about the past actions of the "JNA" and the Serbian leadership, it is more than certain that Serbia's neighbors will not be spared the infiltration of "troops" (soldiers of one side dressed in the uniforms of the other) and "attacks" against Serbia's borders, which will be followed by the actions of a "defensive attack," already seen throughout the world and in our country as well.

"Protection of the Serbian Population"

The "Concept" demonstrates something else, namely the fact that the "JNA" does not have any intention of leaving Herceg-Bosna in the foreseeable future. In fact, the transformation of the "JNA" also provides for "continuation of the protection of the Serbian population outside Serbia," and in accordance with this, "detailing active duty personnel, or some of them, to Territorial Defense forces in all areas where the JNA has done this in the past." The geographic maps compiled in the SAO [Serbian autonomous area], and the maps used to present demands before the EC, will be used as a proposal for the areas in which such a "transfer" of active personnel to the TO [Territorial Defense] would be carried out. The same procedure will be followed on the territory of Croatia, with the provision that a certain number of soldiers from the reserves, necessary to maintain security and combat readiness, will also be transferred to the TO. "For this purpose, some of the combat equipment, weapons, instruments, and MTS [material-technical means], including armored vehicles and missile launchers, should also be transferred to those units." Consequently, they should be stationed in the crisis and border Serbian-Croatian areas throughout Bosnia-Hercegovina, because "it is intolerable for the presence of the JOS, as a guarantee of the Serbian population's security, to disappear." In any case, SAO sheriff Martic and his gang will not be left without the means to support themselves, because it is planned that the JOS will have

under its command the National Guard, which is to be utilized to protect Serbs outside of Serbia, and is directly responsible to the Serbian Ministry of Defense. "Also responsible to the Serbian Ministry of Defense is the SAO Ministry of Defense. They jointly coordinate defense plans and jointly conduct the defense of external borders and the constitutional order. The SAOs, by agreement with and with the approval of the Serbian Ministry of Defense, have the right to establish their own army and recruit military conscripts who are ultimately subordinate to the Serbian Ministry of Defense." How will the chain of command be resolved? The JOS commander in chief is at the same time the state president, and the commander of the Supreme Command Staff. The minister of defense is to be a civilian (by the way, the name of Branko Kostic is being mentioned in the corridors), and exclusively bureaucratic matters concerning defense, weapons procurement, MTS, and recruitment would be under his jurisdiction. The minister's deputy will be an active military officer, the chief of the General Staff or his deputy, and he will be responsible for operational matters and organization of the work at the corps and garrisons. The assistant minister will be one more professional soldier, responsible for "the unity of the JOS outside of Serbia." Within the ministry, according to the present (still top secret) proposal, there should be divisions for moral-political work, the defense industry, and foreign relations. The General Staff would be organized according to the following principle: chief plus commanders of the branches of service plus the VOZ commanders plus the chief of the military intelligence service. The latter would in turn have four divisions: a division for internal defense, a division for the west, one for the Middle and Far East, and a counterintelligence division, which would cooperate closely with a similar service in the Ministry of Foreign Affairs, in contrast to the previous two, which would obtain information through infiltration into the structure of the

countries "of intelligence interest," and through much dirtier work than the counterintelligence division. Intensive work is already being done on organizing this sort of intelligence service system, and the one implementing it is Colonel Savo Dabic, who is otherwise a graduate of the CVVS [Advanced Military Schools Center], with studies in military-sociological and psychological research. The second and third divisions, in fact, would be involved in both black and gray propaganda. The section for internal security would be involved in "uncovering internal enemies," not just within the army, but everywhere.

A Place for Arkan's Forces, Too

For this purpose, Serbia is preparing new laws, according to which eavesdropping on private conversations can be approved not only by the minister of police, but also by the chiefs of state security and the "security officers" at individual garrisons. All the data will be collected at the VOZ commands or in Belgrade, and each VOZ will have "its own" security officer. Also, what will happen in wartime is already being applied now. Each officer in a garrison or a war zone will have absolute autonomy, and his only concern will be to make sure that the army does not suffer a defeat or lose personnel and equipment because of his actions. Otherwise, the Supreme Command Staff would be responsible for conducting war; it will be headed by the chief of the General Staff (with respect to operational matters), while the president of the republic will still have the final say. Places will also be found for Arkan and his gang, since the chief of the General Staff "through a special decision, can transfer paramilitary formations to the regular composition of the JOS if this is required by the interests of Yugoslavia's defense."

Of course, it will be uncomfortable to live next to such a neighbor, even with the "blue helmets...."

Social Democratic Spokesman on Elections

92CH0465A Prague RESPEKT in Czech 5 Apr 92 p 8

[Interview with Ivan Fisera, member of the Executive Committee of the Social Democratic Party, by Vladimir Mlynar; place and date not given: "Privatization Will Have To Be Corrected"—first paragraph is RESPEKT introduction]

[Text] Ivan Fisera, Ph.D., was born in 1941 in Havlickuv Brod. He studied philosophy and history at the philosophy department of Charles University and afterwards worked at the sociology institute of the CSAV [Czechoslovak Academy of Sciences], which he had to leave after 1968. During normalization he was employed at the Research Institute for Engineering Technology and Economics and in the Technical and Economic Institute for Heavy Engineering. In 1990 he became one of the representatives of Civic Forum and was elected as its deputy to the National Assembly. After the breakup of OF [Civic Forum] he went over to the Czechoslovak Social Democrats. He is the chairman of the social democrats' caucus in the FS [Federal Assembly], a member of the party's executive committee, and a member of the presidium with a consultative vote. In the period 1959-70, Ivan Fisera was a member of the KSC [Communist Party of Czechoslovakia].

[Mlynar] The Czechoslovak Social Democrats are among the main critics of the government's concept of economic transformation. If your party has great success in the elections, you would obviously want to push for adjustments in the existing scenario for economic reforms. Specifically how do you envision this?

[Fisera] One of the first things that must be done is real stabilization of property. The state of uncertainty about restitution which is being created by various political pressures has a negative effect on foreign investments and keeps entrepreneurial activity in suspense. Primarily we would therefore propose a halt to further restitution, for example, of church property.

It will further be necessary to evaluate the status of privatization and to make certain corrections to it. These would consist of a greater opening up of room for foreign capital (for example, greater investment in the infrastructure or the ecology) and in more deliberate preparation of privatization projects. At those enterprises which have not undergone privatization it will be necessary to increase rapidly the economic incentives for the management and the employees.

[Mlynar] That sounds very fine, but how do you specifically want to carry this out?

[Fisera] Decisions are being made today in a great hurry and therefore they are to a considerable degree fortuitous. We are not so much concerned about slowing down privatization as we are about improving the quality of government management. There are capable people who can be found in industry and in the state

administration and it is just a matter of selecting them and making more use of our foreign partners to train them. The present government has downplayed the selection and training of state officials. The legislative standards, for example, on capital investment funds, which have not yet been prepared also document this fact. The reason for this is obviously an ideological viewpoint; in all matters, we are depending on the market, which is supposedly going to resolve everything by itself.

[Mlynar] But where would you look for top quality management?

[Fisera] In principle it is necessary to select people who have not been compromised by the past, who have the necessary intelligence, and who are capable of rapid learning. Of course, this will take time and the economy could obviously stagnate in the meantime. We must therefore get the leadership of the enterprises and the employees also more economically motivated, mainly through employee shareholding.

Privatization using coupons is creating a market of naive shareholders and it will take a relatively long time before they become truly qualified and successful owners. We feel that it would be wiser to utilize part of the privatized enterprises for something that we would call "employee privatization." Perhaps 20 percent of the enterprise would be distributed or granted to the employees, who would thus be more involved in its prosperity. The shareholders outside the enterprise would also make something out of this because a prospering plant is more profitable and it is possible to privatize it more advantageously.

[Mlynar] You spoke of making more room for foreign investors. One of the main arguments of the left is, however, the so-called selling off of national property. Is there not a contradiction in this?

[Fisera] Acquiring foreign capital does not mean that we are selling things off. That happens only when we sell at too low a price and when the foreign capital comes through middlemen. This is connected with the large devaluation of the koruna which reduced the value of our enterprises. However, the CSSD [Czechoslovak Social Democratic Party] clearly says that our economy must become part of the world economy. A dream of a national economy is avoiding the facts.

[Mlynar] Does the CSSD have prepared an alternative solution for the case where there is a deficit in the state budget?

[Fisera] Social stability and people's lives are important to us. In the case of a deficit, we would therefore have to be in favor of state debt. Of course, we obviously would work to avoid this.

[Mlynar] The CSSD is an opposition party. Do you have a shadow cabinet set up in case you should come to power after the elections?

[Fisera] It is true that mature political parties have the composition of their governments prepared long in advance. If I said that the CSSD has such a shadow cabinet, I would be lying.

[Mlynar] How do you see the "lustration" law and the so-called debolshevization?

[Fisera] Sometimes I have the feeling that the people who have been struck by the lightning of freedom have accepted the concept of mutual hostility and are not able to let go and to understand the other's behavior. Forty years of totalitarian government taught us to see an enemy behind everything and still prevents us from cooperating. In my opinion, there are two possibilities: Either we learn to cooperate within the democratic rules, and that means even the left with the right, or after a couple of years we will all run into the opposition of the people who were somehow connected with the former regime. We are basically taking the Spanish or Chinese path of settling accounts with the past. This obviously does not mean that there should be immunity for the people responsible for crimes against humanity.

The "lustration" law was expanded, in contrast to the original governmental proposal, to such an extent by the right wing that it blunted its edge to a considerable degree. We will request that it be updated so that individuals are given the right to a counsel for the defense. Obviously we are against the broad publication of the names of those who worked with the StB [State Security] because innocent people will thus also be affected.

[Mlynar] You said "crimes against humanity." Does this mean that you agree that in the past Communists committed crimes for which there is no statute of limitations?

[Fisera] Obviously the Communist Party permitted crimes against humanity. Retroactive laws are another matter and we reject them. We support the "moral court" over communism.

[Mlynar] The CSSD deputies are among the main critics of the Czechoslovak-German treaty. Does this mean that you will pursue a different foreign policy than the concept of Minister Dienstbier?

[Fisera] As far as the basic orientation is concerned, our idea is identical with the current line of Czechoslovak foreign policy. We also figure on an orientation toward the West and cooperation with NATO. But in some areas we are more emphatic. A more decisive stance in the case of the treaty with Germany would contribute to European stability more than the easygoing negotiations of the current FMZV [Federal Ministry of Foreign Affairs].

[Mlynar] What does "a more decisive stance" mean?

[Fisera] An entirely unnecessary anxiety was stirred up in our citizens by the unhappy formulation of the introduction to the treaty and particularly by too broad an interpretation of the term "expulsion." If the parliament

does not approve our proposal of a position on the treaty, we will not vote for it.

[Mlynar] How will the CSSD finance its election campaign?

[Fisera] The party has income from leasing the People's House. It is also possible that some friendly parties abroad will support us. Personally, I feel that an agreement among the political parties on a maximum amount to be spent on the campaign would also be useful.

[Mlynar] What parties are coming under consideration by the CSSD as preelection partners? With whom are you unwilling to cooperate even after the elections?

[Fisera] We are negotiating with the Liberal Social Union about close cooperation. Our natural partner is obviously the Slovak Social Democrats. Discussions with our friends in the Civic Movement are also useful. But we are going into the elections by ourselves. I agree with the view that each party should define itself. The time of the OF [Civic Forum] umbrella is over.

After the elections we definitely will not be in any coalition with the Communist Party or with any of their offshoots. It is also difficult to imagine that we could cooperate with the Sladkov right wing. If there should be any postelection cooperation with, for example, the ODS [Civic Democratic Party], it would be a marriage of desperation. I think that the ODS would not consider it worth thinking about twice, either. This could come about only if there was a general shift to extremism. As far as the HZDS [Movement for a Democratic Slovakia] is concerned, it depends on how it develops. The movement is not a compact entity, it is a relatively long time until the elections, and therefore it is premature to make any kind of conclusions.

[Mlynar] Will you propose Vaclav Havel for the office of president?

[Fisera] The CSSD leadership recommended to the Central Executive Committee of the party that it make a positive decision on support for the candidacy of Vaclav Havel for the position of president in the next election period as well.

[Mlynar] How will you proceed with regard to the negotiations on the state legal arrangement in a case where the elections in Slovakia are won by forces which want to stop the economic transformation?

[Fisera] The negotiations on the state legal arrangement are unnecessarily dramatized because their participants approach the matter in a confrontational way. There is no threat of a return to socialism as we knew it in Slovakia and it is not possible to stop the economic reforms completely. To give up on the joint state just because the left, which may want another approach to the reforms, may win I consider politically irresponsible. The CSSD in any case will continue to implement further discussions with its Slovak partners; we will attempt to preserve the joint state founded on an equal

standing of the republics. We are advocates of building the federation from below, that is, on the basis of the free will of the citizens of both republics.

It will be necessary to seek a solution which is acceptable to both parties. Our candidate lists include several trade union bosses as well. It is not good, however, to weaken the trade union leadership by the transition of capable people into politics. The role of the unions is growing and it is important that top-rate people lead them.

[Mlynar] What are the main figures in the CSSD running for, the Federal Assembly or the Czech National Council?

[Fisera] We all are saying that the CNR [Czech National Council] will be important. The well-known persons in our party, however, will mostly run for the FS [Federal Assembly]. A number of new faces are obviously going to show up in our list of candidates for the CNR.

[Mlynar] What does the CSSD consider its successes and what have the failures been?

[Fisera] I will start with the failures. We were not strong enough to be able to influence the voting on several important laws because we entered the political scene too late. We are just now getting the party into the shape of which we dream.

I consider it a success that we were able to influence considerably the political scene and some discussions in parliament. We have become a respected political partner with good prospects for the future.

Confusion in Housing Privatization Viewed

92CH0476D Prague HOSPODARSKE NOVINY
in Czech 3 Apr 92 pp 1, 3

[Interview with Olga Polanecka, director of the commercial department of the Central Office of the Czech Savings Association, Inc., by Josef Prouza; place and date not given: "What To Buy a Dwelling Unit With—Legal Regulation of Loans for Dwelling Are Limping Behind Developments"—first two paragraphs are HOSPODARSKE NOVINY introduction]

[Text] Both the adopted transformation law, and also the law on the ownership of dwelling units and nondwelling areas, which is being prepared, are anticipating the sale of apartments to citizens. However, few people have saved up for such a purchase and so there is no choice but to seek out a financial institution which could help bridge the lack of financial resources.

Olga Polanecka, doctor of jurisprudence, the director of the Commercial Department of the Central Office of the Czech Savings Association, Inc., provided us with information on the kind of services provided by this monetary institution, which was decisive with respect to home loans in the past as well as today.

[Prouza] What opportunities for housing loans do you now offer?

[Polanecka] Unfortunately, I must say that the current situation is unclear. The Czech (or the Slovak) savings institution has been the only institution to offer advantaged credits to the population since the 1960's, under conditions stipulated by law. Currently, there is a shortage of legal provisions. Special regulations which pertain to housing questions continue in effect, but, for example, the Civil Code (in effect as of 1 January) has done away with the institution of the single-family house. Special legal regulations which regulate fiscal and credit assistance for individual housing construction have certain criteria, indicating who and under what conditions may acquire an advantaged credit from the savings institution—and refer to legal regulations which were previously valid, that is to say, they refer to the previous Civil Code which characterized the single-family house. From 1 January to this day, we are, thus, in a certain legal vacuum—the definition of a single-family dwelling no longer exists. Currently, and in view of additional problems besetting the Czech Savings Association, the granting of loans for individual housing construction has been temporarily halted. Citizens today may want to build a house which also includes operating business facilities, at an advantaged interest rate of 1 percent or 2.7 percent, but, as has already been said, the legal regulations are not clear. I hope that, in the immediate future, this problem will be solved. We even have certain commercial principles—our current interest spread runs between 13 and 17 percent—whereas housing loans are made at extremely low interest rates. The state budget equalizes the interest for the Savings Association only to the extent of the discount rate (currently, it is 9 percent—editor's note) which is not attractive from the commercial standpoint.

[Prouza] The Savings Association was making advantaged loans for purchase of an apartment for personal ownership purposes. Even here, however, much has changed.

[Polanecka] Yes, the legal provisions also pertained to the sale of apartments for personal ownership, but these apartments were state apartments. Currently, a number of facilities are being returned to their original owners. The District Housing Management Enterprises have lost a number of houses. If a real state-owned apartment is involved, then the criteria for loans continue in effect, the Savings Association will make a low-interest loan available. But currently, there are only a few such cases. Legal regulations pertain only to apartments which are privately owned, which is another problem because private ownership as a concept also does not exist as of 1 January; the forms of ownership are equalized in the Civil Code. So that currently orientation is a problem both for citizens and also for monetary institutions, regulations are lagging behind developments.

[Prouza] According to the law on the property owned by communities, state-owned apartments, for the most part,

became community apartments—and it is precisely their sale that the law which is under preparation is contemplating. Advantaged credits are not being made available for these units?

[Polanecka] Community property is not state property, something which the previously valid regulations did not take into account, even though they were being changed. The property involved must be purely state-owned and the transfer of ownership must involve the personal ownership of the citizen. To define, that is to say, to differentiate between a state apartment and another apartment is a problem. With respect to community apartments, we do not make advantaged loans.

[Prouza] The transformation law offered members of cooperatives the opportunity of having a cooperative apartment transferred to their ownership for the outstanding portion of the credit. Because this can involve hundreds of thousands of korunas [Kcs], it is likely that even here citizens will request loans. Do you have anything to offer them?

[Polanecka] Here, we are dealing with something a little different. For a long number of years, the Savings Association was making loans based on membership shares within a certain relationship—Kcs20,000, Kcs40,000. Recently, membership shares have grown in price to several hundred thousand korunas and the current share essentially involves all the expenditures for building an apartment. The Savings Association does make a certain credit available at an interest rate of 2.7 percent with a 10-year payback period, but a substantial role is played here by returnability, the citizen must be capable of paying off the loan within the time limit stipulated. And a number of people cannot afford to do this. It is a question whether membership shares which are set at these levels are correct. Even here, the state budget supplements our interest rate only to the level of the discount rate. A specific legal regulation applies only to membership shares and otherwise does not solve the situation. We could offer a loan for the outstanding part of the investment credit under general commercial principles, that is to say, as a credit based on real estate. This carries an interest rate of 13 to 15 percent with a five- to six-year payback period.

Audits by Taxation Service Show Increase

92CH0476C Prague ZEMEDELSKE NOVINY
in Czech 1 Apr 92 pp 1, 3

[Guest comments by Frantisek Barta, territorial taxation service supervisor, Czech Ministry of Finance: "The Hunt for Billions Has Begun—The Largest Amount of Cheating Involves Individual Income Tax"—first paragraph is ZEMEDELSKE NOVINY introduction]

[Text] Within three years, all taxpayers will be under control; instead of income, the taxpayer listed his profit; the taxation service must inspire fear; in the Czech Republic, supplemental tax assessments in 1990 amounted to 1.1 billion korunas [Kcs]. One year later,

this amount doubled to Kcs2.42 billion. That is how much those taxpayers who made errors in determining their basic tax or who perhaps did not even trouble themselves to pay taxes had to pay to the state budget.

Their effort to evade taxes did not pay off. Nevertheless, even the delegates to the Federal Assembly recently estimated that tax evasion, which it was not possible to capture, amounted to around Kcs1 billion in the Czech Republic. For example, the Slusovice Agricultural Combine has to pay Kcs2.447 billion for 1990, according to the press spokesman for the DAK MOVA Enterprise in Bratislava....!

"The numbers on the supplemental tax assessments clearly attest to the fact that control has improved," claims Frantisek Barta, doctor of jurisprudence, the director of the department for territorial financial organs at the Czech Ministry of Finance. According to his data, the largest supplemental tax assessments pertained to payers of taxes on profits—Kcs781 million, and sales taxes—Kcs462 million. Next in line was income tax (Kcs261 million), the agricultural tax (Kcs186 million), wage taxes and taxes on artistic activities (Kcs164 million). Some distance behind these taxes are supplemental tax assessments involving individual income taxes—Kcs81 million—to which the greatest amount of attention is devoted. This is attested to, for example, by the fact that the percentage of supplemental taxes assessed in comparison with the overall revenue derived from this source is the highest of all the taxes.

"We are attempting, over the course of three years, to audit all such taxpayers; this has a preventive effect," states F. Barta, "however, it tends to reduce our tax administration efficiency." In his opinion, income tax accounts for approximately 1 percent of the overall tax revenue and even if it increased by a factor of 10, it would not represent a fundamental sum. "More than half the tax revenue is based on sales taxes, and thus, an audit is worthwhile. We are dealing with large sums here." He refers to the United States, where audits of similar taxes are conducted involving approximately 1.5 percent of all taxpayers (in Austria, audits involve 10 percent), but, for example, much greater attention is devoted to the value-added tax [VAT]. "This is logical and the same will happen here in the future."

Barta also lists specific cases where attempts to evade taxes were uncovered. One organization failed to pay sales tax involved in the sale of imported champagne for a private seller. It had to make a supplemental payment of Kcs17 million. A firm importing tea placed this merchandise into an incorrect category and invoiced a zero tax rate. It thus reduced its sales tax by Kcs9.8 million. The businessman was trading foreign merchandise without being authorized to do so. He failed to fulfill the reporting obligation. The foreign goods were allegedly purchased through a broker—something he was unable to document. He did not even prove the prices for which he was selling the foreign goods. To enumerate the tax, the finance office had to use documentation which it

obtained on its own in collaboration with the customs authorities and with the police. The supplemental tax, including a fine, amounted to Kcs10.8 million. Large firms frequently shift expenditures for modernization and reconstruction, which must be covered from capital resources, into expenditures. The supplemental tax assessments are then very high—Kcs8 million, Kcs13 million, Kcs7 million. The case of the doctor who listed his profits in his tax return instead of his income is downright curious. Moreover, he entered expenditures which he did not pay until the subsequent year. The fine plus penalties amounted to Kcs104,000.

In such cases, Dr. Barta does not wish to list specific names of the guilty and explains: "The experts from the International Monetary Fund warned us against publicizing such cases. Bring me any foreign newspaper in which the fiscal authorities publicize anything. This is always something which is sniffed out by journalists, such as yourself, who sometimes obtain documents in secrecy."

Dr. Barta further believes that the new tax laws and the law on tax payment administration, which is supposed to provide finance offices with greater authority, will reduce the possibility of tax evasion expressly. Also, more audits will be done and the degree of specialization of finance office employees will be increased. "This will be scary for tax swindlers," added Dr. Barta threateningly.

Next Step in Coupon Privatization Discussed

*92CH0476B Prague HOSPODARSKE NOVINY
in Czech 30 Mar 92 p 8*

[Article by Milos Pick, Czechoslovak Academy of Sciences Forecasting Institute: "What Next With Regard to Coupons—Antispeculation Measures Are Needed"—first paragraph is HOSPODARSKE NOVINY introduction]

[Text] The first phase of coupon privatization—the registration of citizens who intend to participate in it (the so-called DIK's [holders of investment coupons])—has ended. We have heard the last of the emotions caused by its dramatic course. The principal outlines of the results of this activity are beginning to emerge. There is the opportunity here, at least on a preliminary basis, to chart them, to signal the risks involved, and to begin to seek ways out.

The emerging set of approximately 8.6 million DIK's (three-fourths of all authorized citizens) is highly vulnerable. The risk that a substantial portion of this set will succumb to the possibilities of a speculative sale of securities, which have been acquired virtually free of charge, has become crystallized. Its likelihood is high, particularly for the following reasons:

1. The experience of developed countries indicates that, not even under conditions of a developed capital market and its transparent informational hinterland and despite

efforts to maximize the spread of "popular" securities, for the most part no more than 5 to 25 percent of the population proved able to stick with this form of participation in business activities for the long run. Active entrepreneurial conduct requires the ability on the part of the stockholder to monitor the results of enterprises in the mirror of the capital market. For passive retirees, another form of depositing savings is more comfortable (including more transparent securities, such as, for example, bonds).

2. The more consumer-type conduct of a substantial number of DIK's, rather than any entrepreneurial conduct, can also be anticipated as a result of the considerable decline in the standard of living of the majority of our population following 1989. Professor Kyn (HOSPODARSKE NOVINY, 11 February 1992) models the estimates of consumer conduct, according to which even property "which has fallen from heaven" is immediately spent by 6 to 10 percent of the population. Analyses of the standard of living of households can even lead to higher estimates (currently, some 10 to 14 percent of the population is already at the limit of so-called social need; perhaps more than one-half of the households are not capable of saving on a regular basis).

3. For a resultant composition of the set of DIK's and their possible conduct, the course of the formation of the set of DIK's is specifically characteristic. By the end of 1991, relatively intensive propaganda or government exhortation led to the registration of only about 800,000 individuals. Together with those who were only "playing for time," this registration could have increased to about one to one and one-half million individuals, that is to say, 9 to 13 percent of all those authorized to register (in other words, within the limits of the experiences recorded by developed countries).

In January 1992, however, there was a dramatic turnaround—not only were another 800,000 individuals registered (by the end of February), but an additional 7 million persons were also registered. However, this no longer took place on the basis of the existing exhortation "to become a stockholder for free." This occurred—before the eyes of the entire public—on the basis of an exhortation intelligible by all: "Do not become (you do not need to become) a stockholder and yet you can acquire a decent sum (in return for payment of 1,000 korunas [Kcs]) (most frequently, the decent sum would be Kcs10,000), if you turn your shares over to us!"

4. This turnaround did not occur spontaneously. This avalanche was deliberately initiated by experienced (particularly foreign) speculation capital, which entered the scene offensively, in part, with Barnum and Bailey-type advertising, but, undoubtedly, also with additional silent activities.

Back in December, there was still hope that coupon privatization would be saved the principal danger—the sale of securities to speculators. It seemed that the chosen method of distributing coupons (a fee of

Kcs1,000 and registration) would discourage the majority of the potential "victims" of speculation. However, in January, they were the ones who were deliberately drawn into the game. Advertising then introduced other important conditions of the future "coverup": the speculative market price of securities (approximately Kcs10,000) and the time limit for their sale ("within a year and a day")—in other words, practically immediately following the transfer of securities.

The absence of essential legislation and regulation pertaining to the capital market makes this serious threat to the intentions of coupon privatization, for the present, not clearly an illegal matter.

Possible Consequences

The above-mentioned risks cannot be considered to be fatalistically inevitable, neither can their extent. Despite the existing course of the registration as well as the atmosphere which has developed, it is not possible to automatically feel that each of these seven million additional registrants intends to simply collect his Kcs10,000 within a year. In other words, a total of Kcs70 billion, which would be the cost of selling off securities or capital nominally valued at perhaps Kcs200-210 billion. It is not certain that everyone who has come along with this intention must necessarily assert it. According to public opinion polls conducted between 17 January and 3 February 1992, "only" 76 percent of the holders of coupons expected not to sell their securities. In actual fact, they will be influenced by a number of prerequisites (particularly by the development of the economy and by the expectation of people). In British Columbia, for example, even given a favorable development, one-third of the original stockholders sold their securities immediately. However, even a relatively small immediate impulse is sufficient to result in an avalanche of speculation (particularly the drop in prices of securities as a result of their high initial offering). This impulse need not be purely spontaneous, but the actors who prepared it in our country already hold the detonators in their hand. Therefore, it will not be easy to influence (avert or, at least, reduce) these risks.

The above-mentioned "mapping" of the speculative risks will indicate more their upper (pessimistic) limit in the event they are not confronted. Nevertheless, it is clear that even given a partial reduction of their overall scope, they can seriously threaten coupon privatization and, in view of their weight, can even pose a considerable threat to the entire privatization process and the future image of the microsphere. Their consequences can, however, also acquire serious macroeconomic dimensions.

From the microeconomic viewpoint, there is a considerable risk that speculators can buy up securities having several times a higher nominal value for artificially depressed market prices (for example, for the above-mentioned Kcs10,000) (a nominal value which is currently estimated to be averaging about Kcs30,000, but efforts are afoot to increase this value by expanding the

scope of capital privatized in this manner). This will be the easiest for investment funds to accomplish, which would be backed by foreign speculative capital. Even domestic potential speculative capital is considerable. As early as 1987, deposits made by "normalization" millionaires totaled Kcs100 billion. Through such an operation, the administrator of the fund would become independent of his scattered stockholders and would be governed by a speculator who would purchase the controlling majority of the fund's securities (perhaps a union between the actual founder and the fund administrator). Such investment funds (given the mutual cooperation of their founders) can acquire the controlling majority of securities of enterprises, whose portfolios these funds would hold. In such a case, there is the danger that these funds could engage in a policy of short-term exploitation of these enterprises.

An extreme—even if possibly a frequent—case could also involve the divestiture of an enterprise and its sale for scrap or speculation involving its buildings and land. A specific case involving an enterprise with 400 employees and Kcs110 million of nominal capital value shows that this method could yield approximately Kcs220-240 million (200 percent of the nominal value of the enterprise capital), that is to say, six times the speculative capital invested in purchasing the securities (Kcs40 million); a speculator would only need \$1.4 million, on the basis of which he would earn Kcs160-170 per \$1 (six times the rate of exchange and 12 times the parity of the purchasing power). Thus, in the current situation, the valorization of enterprise bankruptcies, as well as of viable enterprises, could turn out to be an advantageous specialization on the part of speculators.

On the other hand, the nonspeculative "decent" investment funds could be threatened by the mass sale of the securities of their stockholders. To the extent to which their securities were bought by speculators, the "decent" funds could be swallowed up (controlled). To the extent to which the "decent" funds (or their founders) would themselves purchase their own securities, their liquidity would thus be threatened or they would have to sell off securities in their portfolio in order to guarantee liquidity (most likely again to speculators) or they would have to acquire credits and, thus, restrict their opportunities and their potential credit resources for future active strategies in favor of short-term exploitation strategies. In the extreme case, they could also become speculators out of necessity. Very likely, however, many investment funds will not survive.

From the macroeconomic viewpoint, the sale of securities by DIK's could lead, primarily, to increasing consumer demand. In the above-mentioned extreme pessimistic case, by about 12 percent, because such consumer-motivated increases in population income would probably only spill over very little into increasing population savings. To the extent to which this increase in demand were to be covered by an influx of foreign speculative capital, it would lead to increased offerings. To the extent to which it were to be covered by savings

(reductions in deposits) on the part of domestic speculators, it would lead to restricting the sources of bank credits, a situation which would possibly have to be augmented by the issuance of new credits. The issuance of credits would have to cover even the increased use of credit by the "decent" investment funds. Increased consumer demand at the expense of the issuance of domestic credit could result in additional inflation impulses and could threaten the balance of payments with regard to foreign countries. Certain changes in economic policy (the assertion of pro-export and antiimport intervention policy) could transform this impulse, on the other hand, into an impulse to revitalize the economy and pull it out of its current deep depression.

I consider the transition from the existing restrictive macroeconomic policy to a policy of revitalizing the economy to be essential. However, I view it as a comprehensive, combined, and regulated operation in the monetary sphere, the fiscal sphere, the wage and interventionist pro-export and antiimport policy, so that the revival of consumer and investment demand should not threaten the balance of payments abroad. I disagree with simplified notions calling for the establishment of revitalization, for example, only on the basis of a premature liberalization of wages. But even that would be less absurd than to base the revitalization of consumer demand on the giveaway of tens of billions of korunas only because people stood in line to register their coupon booklets.

Ways Out

Apart from abandoning coupon privatization, there are no other ways out of this phase which appear to be easy and painless.

1. Opportunities to intervene in the future capital market to suppress the speculative sale of coupon securities clearly hold little hope (in the extreme case, they would condemn a future government to buying out securities for Kcs10,000, which the present government is giving away at Kcs1,000). But perhaps at least the banks (the founders of investment funds) could attempt to expand their credit sources even by issuing bonds, which they would offer to the DIK's who are selling their securities.

2. Existing although controversial considerations aimed at restricting the tradability of coupon securities—be it by direct prohibition or restriction or by a high virtually confiscatory tax rate (for example, Professor Kyn proposes a rate of as high as 75 percent) applicable to the profits from a speculative sale of capital (securities), provided that profit is not immediately reinvested. (A DIK would receive only about Kcs3,250 from the sale of, say, Kcs10,000 worth of securities.) Some restrictions could likely only be asserted over a specific period of transition time, which was perhaps not specified ahead of time.

Under the given conditions, however, it is clear that even these standard solutions can have unsatisfactory and

double-edged results. They could be circumvented by the black market and could only serve to delay the solution of the problem. If, however, they would truly restrict speculation, they could also be used to eliminate the influence exerted by those coupon stockholders who do not know how to reinvest. They would sentence them to playing the role of passive "people of means" even without at least indirect pressure influence upon the enterprise in question or upon the investment fund; they would provide a precise extreme definition of that which negates the meaning of any kind of privatization. A factual and at the same time uncontrollable exercise of ownership rights in an enterprise would thus be fully entrusted to management—to the administrators of an enterprise or to the administrators of investment funds. Coupon privatization would thus be transformed into cost-free managerial privatization.

Preparation of a solution for the situation which has developed is urgently needed because it is now only necessary to fine-tune the "antiscenario" of the speculators, who so easily succeeded in the first phase.

Law Said Making Business More Difficult

*92CH0476A Prague SVET HOSPODARSTVI in Czech
19 Mar 92 p 1*

[Article by Milos Kubanek: "Commentary on the Small Business Law"]

[Text] Despite Valtr Komarek's intensive efforts to assert a central distribution of economic resources, the times have credited him with one indisputably positive fact. When, in the spring of 1990, he led a government economic team, the postcommunist parliament adopted a relatively liberal law on small private enterprise. The small business law, which the new parliament used to replace the earlier law as of 1 January this year, is a classical product and represents a return for the lost positions of state direction.

This is manifested primarily in two directions. In first place, there are the absurdly stringent conditions for permitting numerous small business activities. We surely understand that, for the purpose of producing electric traction vehicles, a person should have certain qualifications and experience. But why must three years of practical experience be required, for example, of a watchmaker, complete with a journeyman's certificate? Does the state perhaps fear that dilettantes will penetrate en masse into the watchmaking industry and that the entire nation will be going to work late? Or is the state concerned lest the ranks of experienced watchmakers be penetrated by an inexperienced one, who would spoil their reputation? The complicated system of artisan trades (enamel worker, fabric dyer, bandage producer, stucco mason, textile cleaner...), restricted trades, and concession trades is replete with such examples. The commissions are assured of having work.

The second direction in which the directionists cast their gaze within the framework of the law is the overall

restriction of the number of private businessmen and the scope of their activities. The following categoric imperative is already traditionally anchored within the conscience of state officials in our countries: The economy is not to be influenced, but rather to be managed. Thus, the situation, in which the republic had registered around one million private individuals, engaging in quite differentiated activities, was anarchy for a number of people—and thus, intolerable. A partial recipe was found—the reregistration of all existing private entrepreneurs and a 1,000-koruna [Kcs] fee for each individual business activity.

And the directionist approach is not justified even in the economic sense by the argument against a large number of private businessmen—in other words, an effort to restrict second jobs in the interest of quality work in state enterprises. After-hour activities are, in the final analysis, the free decision of every one of us and, moreover, an economic rational necessity in times when incomes are generally low. Let us recall Hungary, where a large part of the nation has held second jobs for many years. If some private businessmen engage in their business activities during the time they work in a state enterprise, then they are obviously underemployed in that enterprise.

However, this will not be remedied by an anti-small business law, but by totally different measures.

However, no matter what the motivation behind adopting the small business law may have been, its results are evident. In practice, it results in new cues at official offices, new instances of graft, and numerous absurd situations in which business is conducted by an officially approved dishonest person, whereas the "unpermitted" enthusiast remains unemployed. On a macroeconomic level, then, the law reduces the mobility of the production and labor market, increases unemployment, and restricts competition. We shall certainly not experience the much-feared return to the capitalism of the 19th century on the basis of this law. It tends to push us in the direction of the medieval guild system.

The approaching elections, therefore, perhaps provide the hope that one of the first steps of the new parliament will be to again decontrol small business activities. If the rightist parties are victorious, they could perhaps remember the fundamental liberal postulate, according to which the market is a far better referee of quality than all the commissions put together. And if the left were to win, then it will perhaps remember its well-ingrained prenatal traditions of antibureaucratism.

Schwarzenberg on Retribution for Communist Crimes

92CH0496A Budapest 168 ORA in Hungarian
31 Mar 92 p 7

[Interview with Prince Schwarzenberg, adviser to President Vaclav Havel, by Peter Zentai in Salzburg; date not given: "How Long Does the Past Last?"—first paragraph is 168 ORA introduction]

[Text] Finding ways to confront the sins of the past is a problem that is not particular to our country. These issues have surfaced in several countries of Central Europe as well. Most recently, at a conference in Salzburg, where the attendees included Prince Schwarzenberg, personal adviser to President Havel. Our correspondent Peter Zentai has asked the former big landowner and aristocrat to share some of his views with our readers.

[Zentai] In your opinion, is it still worth it in East Europe to insist on holding the supporters and leaders of the former system responsible for their actions, and if so, how?

[Schwarzenberg] Look, the Hitlerite dictatorship lasted for 13 years in Germany and seven years Austria. In other words, if you really think about it, not for a very long time. Yet the confrontation and historical reckoning with the Nazi era is still ongoing even after 40 years, continuing to make an impact on the political life of those two countries even today. Well, you can expect the same thing to happen in our countries, i.e., in Hungary, Czechoslovakia, Poland, the Soviet successor states, and wherever the communists were in power. My God, considering the profound historical consequences of 12 years of Nazi rule, how can anyone expect the effects of 40 years of communist rule to be erased overnight by, let us say, calling a conference on the subject, or passing some kind of a legislation? If we started pointing fingers to a few leaders and told the people: "Here, look, these were the guilty ones," could the whole thing be forgotten? Come on, you know that it is impossible. These past four decades will continue to affect the lives of generations to come. Quite possibly, a real analysis of this era will not begin until some time in the future. But I could give you other examples as well: Those student rebellions that swept Europe and America in 1968, seemingly lasting only a year or two, have made an incredible impact on people's lives to this day.

[Zentai] If this is so, then why are you taking part in an international conference where they are attempting to analyze and perhaps even bring to a close the communist era from the point of view of legality and justice? Talking about communism as a collective concept already seems like an over-generalization in view of the fact that in our country, for example, we had in place a very mild version of it, one that offered many freedoms, while the GDR and Czechoslovakia were under a rather hard variant of it.

[Schwarzenberg] Now just a moment. Surely you are not suggesting that in the early 1950's there were any human rights to be enjoyed in Hungary at all? The Rakosi era is an integral part of the history of Hungarian communism. But I would even take issue with your assertion that the system of the Kadar era was by any standard a mild one. Following your line of reasoning, one could also point out that fascism had not asserted itself in equally extreme forms everywhere; moreover, I could also add that even Nazi fascism had produced economic recovery.

[Zentai] You have made quite a few references already to the misdeeds of fascism and Nazism, even though I have been asking you to comment specifically on the failed communist systems, which also happens to be the topic of the Salzburg conference. You are not suggesting that communism and fascism should be mentioned in the same breath?

[Schwarzenberg] It is impossible to answer this kind of a question in a single interview. The problem is far more complex than that. Nevertheless, I would agree that there are fundamental differences between the two. The most important being the fact that—thank goodness—the ideology of racial hatred only prevailed for 12 years, in other words, for a shorter time than the original Stalinist-Leninist system. The period known as the Khrushchev-Brezhnev era in the history of communism, in other words, the more consolidated, more moderate, and less harsh eras represented a stage which the Nazis—and here I have to thank the Lord again—were not able to attain, hence they did not get a chance to show their more human side. In any case, this accounts for enormous differences, for we can without hesitation denounce fascism as a genocidal and racist ideology that was directly responsible for the outbreak of a world war. On the other hand, during its last three decades of existence, the objective of communism, in fact, was not the physical annihilation, but rather the moral corruption of broad masses.

[Zentai] Closely related to this topic is the issue of compensation and restitution for the victims of the failed systems. Is it possible, in your opinion, to formulate a unified approach to this issue in the countries of East Europe?

[Schwarzenberg] No, it is not. One of the most important challenges facing the parliaments of each of these countries is that of deciding this issue in a sovereign manner, without allowing themselves to be influenced by other countries. There is, however, a general principle, a common norm that is observed in every civilized country. Namely the understanding that one's own rights cannot be asserted beyond the point where they begin to infringe on the rights of others. You may talk about full compensation and the return of large and smaller holdings, but the fact is that insistence on full restitution is certain to lead to new injustices.

[Zentai] This coming from you, Prince Schwarzenberg, a man with claims to dozens of castles and astonishingly large land holdings and other properties?

[Schwarzenberg] For the love of God! Think back at everything that has happened in this century. Entire families were crippled by murders; acts of genocide were committed throughout Europe; millions were carried off to concentration camps. How does the issue of my or my family's holdings compare to those tragedies in terms of magnitude? How does stripping us of our lands and buildings measure up to such misery? Certainly that was also unjust. But there can be no question that committing genocide on the basis of ethnic origin and oppositionist views is a far more heinous crime. There is a point where one must be bold enough to face up to the facts and declare: I accept the realities of historical development.

NDSZ To Represent Left in Election

AU3004163292 Budapest PESTI HIRLAP
in Hungarian 27 Apr 92 p 13

[Interview with Imre Pozsgay, founding member of the National Democratic Alliance, by Attila O. Kovacs and Imre Bednarik; place and date not given: "The NDSZ Will Participate in the Elections—Patience Is the Greatest Heroism"]

[Excerpts] The National Democratic Alliance [NDSZ] does not yet want to interfere in parliamentary events but it will be changed into an election party in September 1992. Many people think that the NDSZ, hallmark by the names of Imre Pozsgay and Zoltan Biro, is a secret favorite for the elections. We interviewed Imre Pozsgay on relations between the NDSZ and the parliamentary parties, the situation of the left, and the situation of national minorities.

[PESTI HIRLAP] You have kept silent for 12 months, up until the NDSZ's news conference in April. What was the reason for the voluntary silence? Was the NDSZ's structure being built?

[Pozsgay] The construction of the NDSZ's structure and organization of the membership were parts of the silence, and another reason was that anyone who wants to run in the 1994 elections—they will hopefully be held then—should acquire information and prepare for the possibility of an alternative response.

The State of Affairs

[PESTI HIRLAP] You say you hope that the elections will be held in 1994. In your view, is it a realistic alternative to hold early elections at the urging of the extreme left and the extreme right?

[Pozsgay] I do not see these extremists as having enough power to force such a significant decision, but there might be some kind of event in the country's life that would force early elections. The economic and social

crisis may become deep enough to make early elections unavoidable. [passage omitted]

[PESTI HIRLAP] What kind of relations do you and the NDSZ have with your former party? What is the position of the NDSZ in relation to the socialists?

[Pozsgay] We need not draw far-reaching conclusions from the results of the latest European elections. However, it is obvious that ideology is being removed, people are distancing themselves from worldwide problems, and there is a need for rational governments on the European political scene. Therefore, the various shades do not have such great importance as in the past.

At the same time, the Hungarian party system is definitely not complete yet. We still have to go through a period of self-identification, where the division of left, right, and center still have a meaning. We place ourselves in the center, but we also clearly stated right from the beginning that we were open to the left wing. We can establish links with those who accept the center on a national basis and agree with the fact that the left also has its place in a parliamentary system, because otherwise the political system would lose its balance.

[PESTI HIRLAP] All the parliamentary parties place themselves in the center and the NDSZ is also heading this way. What will happen to the left then?

[Pozsgay] There is something good in the fact that everyone is referring to the center. This means the rejection of extremism. It has to be acknowledged that the left has been defeated for the time being, and people who have orientation problems are finding comfort on the right. I hope that the majority of the voters support moderate politics, and I would not consider it a big mistake if the parties were close to each other. Undoubtedly though, the handling of the crisis and the parliament's performance resulted in a loss of confidence, and the voters will turn toward extremisms if they do not find a good choice of political forces outside parliament. I find the right wing to be dangerous from this point of view. Reference to the left-wing danger is a phantasmagoria. Left-wing extremism has failed even on its birthplace, and no international background exists for a restoration. There is now no solid and standard-bearing left-wing political force in Hungarian political life, and one should be established by 1994 if we want a good parliament. The NDSZ would be willing to represent the left wing to the extent that, starting from the center, it would belong to those who prepare an open political ground for the left.

Minorities

[PESTI HIRLAP] Nationality and national minority problems always play a great role in the advancement of the right wing. The appearance of masses from the Balkans and the East could fuel these tensions on the labor market. The extreme right creates an enemy when there is nothing else. What possibilities do you see for avoiding hatred of national minorities?

[Pozsgay] If unemployment increases and foreign labor appears in the country, then the hatred of foreigners can also be expected to appear in Hungary. We can already see some signs of it in some places. Therefore, it is not just a fashion but also a social experience. This phenomenon worries me. It can lead the country to humiliation. Bad management can also lead to this. Therefore, in my view, negotiations exceeding the level of European integration should be started so that, rather than using specific rules, the various countries should manage the process of accepting immigrants with a common agreement. I reject all antihumane solutions. A tolerant European strategy based on common agreement should be drawn up to handle the world's problems, because it is true that the whole world was unprepared for the upturn of the bipolar political balance of the world.

Registration of Hungarian Names Seen Obstructed

*92CH0488A Bratislava SZABAD UJSAG in Hungarian
31 Mar 92 p 6*

[Article by Laszlo Koteles: "Hajnalka or Zora? Complications in the Registration of Names"]

[Text] The events of the last weeks show that a new loss is looming on the horizon for our Hungarian mother tongue in our homeland. The almighty lords of bureaucracy might very well bring it to pass that the phrases "happy mother" and "happy father" are banished from public consciousness. It seems that once the war of place names subsided temporarily, the Ministry of Interior was looking for and has now found a new battlefield on the Hungarian front: first names. Those first names that might daily remind the propagators of the principle of "one nation—one language" that others, too, have lived in this land for more than a millennium.

New parents, according to their temperament, complain or swear after they have been through the humiliating complications. The quietly slumbering or gurgling infants have no inkling of the storm about to break out when their parents, after many months of planning, reply a bit anxiously with a historical Hungarian name when asked what the little one is called.

The reaction can show itself in the most peculiar ways. The case of a friend of mine with a historical Hungarian last name can serve as an illustration. He wanted to give the name Hajnalka to his daughter, who was born in the hospital of a small town that lies on the language boundary, but within the administrative authority of Kassa [Kosice]. The first surprise awaited him at the registrar's office: "We have received verbal instructions not to register Hungarian names." The now less "happy father" listened to the registrar in disbelief. "Perhaps I misunderstood you, maybe it is foreign names that you are not allowed to register," the father replied. "No, no," answered the registrar, "our director personally instructed us not to register Hungarian names." What can a Hungarian parent do in such a case? Either he turns

the table on the registrar, saying, how dare you do such a thing with my taxes; or he swallows hard and accepts the name which the registrar has proposed: Zora, or, worse yet: Aurora. Neither of these possibilities occurred. The less and less happy father, together with a fellow father for whom the name Gergely amounted to the insurmountable obstacle, set out to the former regional party headquarters, otherwise known as the "White House," to pay a visit to the director who was giving verbal instructions.

In the office a dialogue of the deaf took place. The director, referring to an equally verbal instruction from a superior in the Ministry of Interior, turned a deaf ear to arguments, and especially to the request to justify the refusal in writing. The now "unhappy fathers" proposed a compromise. "Let us call your superior in the Ministry of Interior who is giving verbal instructions and ask her for a decision." The answer baffled both of them: There is no money for such telephone calls! This is what they were told in the White House, a building almost the size of the Winter Palace [in St. Petersburg], when the cost of the trip for the two young men who had to stomach such treatment was at least five times that of the not-completed telephone call. [The two made] private telephone calls that same day to the four corners of the earth, and finally, after several days of postponement, the task was accomplished. In Pozsony [Bratislava] the authorities consented to the registration, but only if the name of the baby would be spelled phonetically. Another trip to Kassa. Another petition to the "White House" to send word to its branch office in Sacca that the verbal permission of the Ministry of Interior had arrived. Then back to Sacca where the long-awaited event finally occurred. Hajnalka received her name. Of course, only on the parent's own responsibility!

We could say all's well that ends well. Since then the little Gergely has also been officially registered. But the thorn remains. Whose interests are served if a newborn has no name for 12 days? If his papers are not filled out?

This is what happens when the current government, which calls itself liberal, Christian, democratic, and independent, submits a law on abortion that protects the lives of the unborn, instead of directing its efforts to ensure that when a new life has already come into the world, it should be surrounded by love, understanding, and good will.

Foreigners Break Out of Detention Camp

*92CH0527D Budapest MAGYAR HIRLAP
in Hungarian 11 Apr 92 p 5*

[Article by Z.G.: "A Camp Must Not Be Turned Into a Prison"]

[Text] The Wednesday dawn group breakout from the Kerepestarcza refugee camp was clearly a result of lack of discipline on the part of the policeman on duty. The noncommissioned officer will be called to account for this, according to Colonel Mihaly Kiss, commander of

the Police Battalion in charge of operating and guarding the facility, in a statement to this newspaper. The fact that the residents of the camp had prepared themselves for this breakout has been proven; moreover, indications are that they also received help from the outside. In the past weeks emotions appear to have calmed down; there has been no serious stirring since December. Twelve men guard the building at present; this many guards should suffice because the persons guarded are not prisoners. These people may leave the area of the camp unless they violated laws before.

Incidentally, the battalion has been assigned to this post since 1 January; since then numerous actions taken clearly serve the interests of the residents of the camp. Most recently they signed a contract to renew the building and to install utilities, telephones that can be accessed from abroad have been installed, and the foreigners are able to watch satellite television programs.

The average length of stay at the camp has been substantially reduced as a result of accelerated deportation proceedings, and the number of persons at the camp has dropped from the previous level of 300 to below 150. But the ratio of those who must spend weeks or months at the camp due to slow action on the part of the receiving countries has increased.

Mihaly Kiss felt that people residing in the area of the institution were justifiably outraged. Kiss said that persons illegally staying in Austria are imprisoned until their deportation. By providing a temporary place of abode, Hungary is trying to avoid situations in which aliens commit crimes in order to obtain food and to sustain themselves. The situation is rather controversial, but one cannot expect the guard unit to establish prison conditions in these facilities, according to the colonel.

Impasse in Government Restructuring Discussed

92EP0372A Warsaw *POLITYKA* in Polish No 17,
25 Apr 92 p 3

[Article by Janina Paradowska: "The Lottery: The Attitude Toward the Ruling Coalition-To-Be Displays Many Nuances"]

[Text] President Lech Walesa told foreign reporters about his pocket notebook, in which he is plotting various coalition alignments.

"It is like a soccer pool; one of the combinations is certain to be right," the president confided. It is characteristic that Walesa's notebook confession elicited much less interest than did the news, months ago, that the president was solving crosswords, sending his solutions to the newspapers and, what is more, winning prizes. At that time reporters vied to at least have their periodicals publish xerox copies of a postcard mailed from the Belweder [presidential palace], whereas now at best they just winked at the news of the mysterious notebook, just as a growing number of people, including the politicians directly involved in the issue, are winking when the so-called grand coalition is discussed.

* * *

The attitude toward the coalition among its eventual participants displays many nuances anyhow, ranging from wholehearted commitment, which is properly speaking demonstrated only by several individuals—such as Tadeusz Mazowiecki, Jaroslaw Kaczynski, and Aleksander Hall—through a more (e.g., Bronislaw Geremek) or less (e.g., Donald Tusk) distanced attitude, to what I would call offstage displays of disgust. I say offstage, because they were voiced to me by, e.g., deputies form the parties whose leaders are taking part in the coalition forming talks and even assert that the grand coalition is the only rational solution. This trend can be observed among the members of both the Democratic Unions and the KLD [Liberal-Democratic Congress]. A similarly broad spectrum of attitudes is displayed on the other side, that is, among those who are under a pressing and continuing siege in the current ruling coalition. The biggest unknown is the prime minister's attitude toward the grand coalition. Recently it has most often been defined as a reluctant but forced consent. Forced, because otherwise the Sejm shall not pass the budget—I am not quite certain about this—and as for special powers for the government, without which implementing the budget would be infeasible anyhow, that is a pipedream (one can be certain of that).

If despite this mood the coalition-forming talks are continuing, credit for this should be given to those few politicians who are showing the greatest determination in this matter. Regardless of their motives. I do not intend to question the primacy of their concern for national interest, but I do not consider it reprehensible either in a politician to desire to retain his standing as a leader and participate in further political games. But the

motives are of both kinds. The final assessment will depend on the crowning outcome of this matter. Prior to the next, and apparently decisive, round of the talks, it is difficult to anticipate that outcome. My own soccer pool, a poll conducted among the politicians participating in the talks, indicates that the odds for forming the grand coalition are not that big—30-40 to 60-70, that despite everything it will not be possible; such are the findings.

It was also rather common consensus that the prime minister's recent declaration of firm intent to form a broader ruling coalition was dictated by tactical considerations, such as the trip to the United States, the desire to conciliate the international financial institutions, and the Sejm's work on the budget.

A Proportional Schizophrenia

Thus, it would be worthwhile, before the next round of the talks, to try and clarify several issues and pose several questions. The most important question is, what kind of coalition is it to be? Most often mention is being made of a ruling coalition formed by 10 groupings among which government positions are to be apportioned according to the number of deputies representing each of these groupings in the Sejm. This is a rather schizophrenic idea, to put it diplomatically. It would mean the big parliament on Wiejska Street and a little parliament at Aleje Ujazdowskie [offices of the Council of Ministers] where, in the center, a computer would be installed for calculating these proportions, with the computer surrounded by a small crowd of politicians debating whether the positions to be apportioned should be reckoned starting at the deputy-minister level or at the department-director level. Who knows, considering such a large number of big and tiny parties involved, should not the calculations even begin at the lower level of deputy department directors in order to satisfy everyone proportionately?

But seriously, the so-called proportional allocation of high offices in the government is a subject rather for gossip columnists than for serious politicians, and I simply cannot understand why six hours are said to have been wasted on debating this issue. To be sure, I already heard rumors that in the talks so far most of the time was spent on listening to feats or rhetoric declaimed by the representatives of the smallest "couches" [i.e., "couch parties," political parties so small that their members could be accommodated on a single couch], but since the talks are held behind tightly closed doors, I can only say that this is a rumor, dear reader, and I think anyhow that it is close to the truth.

Since the term ruling coalition has already caused so much confusion, I believe that it should be abandoned in favor of the term "a new parliamentary coalition," whose formation would result in personnel changes within the Council of Ministers, that is, in a so-called restructuring of the government. If the matter is thus posed, it becomes clearer, though not necessarily simpler. Clearer, because a parliamentary coalition does not

have to consist in that every political party should be represented in the government, and it should instead consist in the existence of some unity of purpose. I therefore believe that, once we disregard the feats of rhetoric, often serving as a negotiating tactic, then, on such crucial issues as economic policy, foreign policy, national security, or strengthening the standing of executive power, the main political forces can reach an agreement on the scope of their cooperation.

Ever since the electoral campaign, the evolution of certain groupings, such as the peasant parties—assuming that, e.g., Deputy Soska is more of a folklore phenomenon than a political one—has been fairly explicit. I thus do not see any fundamental differences in the platforms of those groupings which define themselves as responsible forces.

On the other hand, differences, and big ones at that, arise as regards ideology (e.g., church-state relations) and approach to the so-called government restructuring. Will the ideological barriers be surmounted? When the talks to broaden the political base of the government had commenced, the politicians declared their desire to identify domains to be left outside the government's concern, so as to leave vacant the field for partisan parliamentary initiatives. Unfortunately, for example, the activities of the Ministry of National Education, which is raising the temperature of political disputes by raising the issue of the teaching of religious ethics, the raid on the Ministry of Internal Affairs by the ZChN [Christian National Union], or the government's exceptionally maladroit treatment of the media on which it exerts a direct influence, indicate that the appetites of certain ministers of state are so huge that no coalition consensus whatsoever will be feasible or, even if it is reached, respected. That is, unless the ministers are replaced.

Who Is in Favor of the Restructuring

And thus we are reaching the most sensitive issue, that is, changes in the composition of the Council of Ministers. That they are needed is no longer doubted by anyone—including, I think, the prime minister and his immediate entourage. It is the scope of these changes that is being contested. There is no doubt whatsoever that the prime minister would prefer to limit them to a minimum and to confine it to certain economic ministries.

A reminder: This concerns precisely the several ministries for which no ministers have yet been appointed, so that they are currently being administered by directors.

To the Democratic Union, however, the crucial issue is personnel changes at the ministries of internal affairs and national defense, meaning that this is the least acceptable issue to the prime minister and his current coalition partners. Even the question of the resignation of [Defense] Minister Jan Parys, resolved as it already has been by reporters, is not that evident, in my opinion. More likely, it seems to me—at least in the light of the available knowledge on the contacts between the Belweder and the military—that the prime minister will try

hard to keep Jan Parys in his post. Unless, to preserve the equilibrium, resignations would be submitted at the Belweder [presidential palace] as well, but that does not sound likely. At any rate, this conflict places the Belweder in a more equivocal light than it does the government.

Thus, the problem of changes in the government can be reduced to several questions. Can a compromise be attained as regards staffing the highest posts at the ministry of internal affairs, that is, diluting, as it were, the influence of the Christian National Union on that ministry? Which economic ministries are to be staffed by members of the Democratic Union if no one questions the validity of the staffing of the Ministry of Finance and the Central Planning Office? Can changes in the managing personnel of the Committee for Radio and Television—this being another sensitive issue with the Democratic Union—also be a subject of bargaining? Will deputy prime ministers, that is, a kind of political management of the government, be appointed? Incidentally, in all the discussions of government restructuring there is a striking disproportion between the grandiloquent speeches on the need to save the economic reforms and the minimal interest in personnel changes at the economic ministries. It is only the political ministries [internal affairs, foreign affairs, national defense] that heat the emotions to boiling point.

And lastly, there is one more issue—the presence of the Liberals [KLD] in the government. If there is one thing we can be certain of it is that Prime Minister Jan Olszewski definitely does not want Liberals in his government. They are likewise not wanted by the peasant groupings, whose support is indispensable to the prime minister. Would the Liberals be willing to join the parliamentary coalition without being represented in the government?

From what I said above ensues a basic conclusion. Namely, the negotiations and political maneuvers so far concern basically secondary issues. Such is the tradition of recent years that we begin building a structure by topping it out before even laying the foundations.

If the structure is to be solidly built, the coalition should be formed first, whereupon the nature and powers of the government should be considered and, lastly, candidates for the prime minister and for ministers identified.

Actually, however, we are repeating history by not having learned anything on the occasion of the direct, popular vote for the president, when we had elected the president because this was considered expedient at the time by the political groupings, and now we are in the toils of debating whether the president's powers should be limited, or which powers are to be taken away from him and which additionally bestowed on him. The same story also applies to the parliamentary elections: There were candidates for the prime minister although there was no coalition, nor a program, nor a clear idea of the formula for the government. The effect is such that at

present everyone is moving across an already partially cultivated field which is moreover mined here and there with personal ambitions, resentments, and biases which are totally incomprehensible to those who had not, for example, been active in the Solidarity underground. (Incidentally I find it amazing to hear serious politicians comment so often that whoever had not been in the underground will not understand it.)

The effects of beginning the erection of a building by topping it out are such that time is being lost and the government, instead of governing, is becoming increasingly paralyzed. It is thus even difficult to be surprised that many ministers are unaware whether they are or are not included in the "restructuring." The Jan Krzysztof Bielecki administration had felt itself provisional, while waiting for the elections. The stigma of a provisional government is increasingly handicapping the Jan Olszewski administration while waiting for restructuring.

Who Is Serious Here

Is there still a chance for building something solidly at present? It seems to me that unfortunately we are condemned to merely repairing, or, as some people put it, civilizing what already exists. I do not share the optimism of Professor Bronislaw Geremek who counts on building a reform coalition around the core of the present so-called coalition of three groupings (it is generally and not at all maliciously said anyhow that the unexpected inclusion of the so-called Big Beer occurred because the term coalition of three sounds much better than alliance of two, even if these two are the Democratic Union and the Liberals. All the parties are nowadays cracking apart, and within the Democratic Union itself the hostility toward Aleksander Hall's [rightist] faction is all too obvious. No one knows what kind of divisions will rend the Sejm a few months hence.

We are still translating into reality the concept of a minority government, and for the present it is resulting in that the government is constantly involved in political games, the prime minister spends hours on negotiating with the political parties, and some of the ministers of state are solely concerned with holding on to their posts in the event that the partisan alignments are changed.

Yet, in the meantime, there are a growing number of rampaging politicians with limited—to put it diplomatically—qualifications, and the influence of individuals capable of thinking not just for days or weeks ahead and whose vision reaches farther beyond a ministerial portfolio (or even the rank of minister without portfolio, so long as one is in power), is declining.

I do not consider feasible either the idea which we had proposed in POLITYKA immediately after the elections, namely, the formation of a basically supraparliamentary, suprapartisan government (Professor Geremek mentioned a technocratic government without party leaders). The matters have gone too far. The strength of the extremist parties in the parliament is growing while that of the rational center is shrinking. The Belweder in

its present form is not an institution promoting the stability of the political situation, and the pronouncements emanating from it, which are too often cryptic or contradictory, merely magnify the impression of universal chaos. Nowadays it is hardly conceivable that the Sejm would appoint the government at the president's responsibility as had happened when J.K. Bielecki was invested with the prime ministership.

Thus, despite all my reservations and doubts, I believe that repairing what exists makes sense, and I mean repairing with the participation of the Democratic Union rather than the KPN [Confederation for an Independent Poland]. To be sure, it is said more and more often that Prime Minister Jan Olszewski will ultimately lean toward the KPN, but I recall that in the Sejm he stated explicitly that he is open to all solid political groupings. As I interpret it, he means not only the solidity ensuing from the number of parliamentary seats won by a party but also the solidity of the words uttered and the deeds that follow them.

It may also happen, of course, that greater interest will have to be shown in the president's pocket notebook. We have not yet experienced a government by lottery, and this might provide some entertainment in view of the general weariness with the coalition talks, a weariness that sets in even when, in their concern for theatrics, the participants in these talks change from day to day their minds as to with whom they want to talk and with whom they do not. At the same time, the idea of the lottery disturbs me in view of the fact that among the recent guests of the president a particularly important one was the uncompromising head of the Mazowsze Region of Solidarity, an advocate of a general strike, who raised the sensitive subject of the public mood, and that Minister Mieczyslaw Wachowski is said to be hospitable toward KPN's leaders.

And while I assume the possibility of various solutions, one that I reject and pray that it may not come true is the vision of the leaders of the Ten [political parties] continuing to negotiate heatedly behind closed doors in disregard of their no longer being leaders, and even of the disappearance of the parties they had led.

Walesa Aide Views State of Nation Report

AU0705130392 Warsaw ZYCIE WARSZAWY in Polish
29 Apr 92 p 3

[Interview with Dr. Andrzej Zakrzewski, under secretary of state in the Chancellery of the President of the Republic of Poland, by Leszek Spalinski; place and date not given: "Constructive Disappointment"]

[Text] [Spalinski] The Political Service Unit that you head has presented the president with a report on the state of the nation. We printed statements by some of the authors of the analysis in the columns of ZYCIE WARSZAWY, but they were by virtue of necessity only extracts from that description of the state of Poland. The

report submitted to the president is, however, the synthesis of almost 100 studies.

[Zakrzewski] All those who were invited to respond to our questionnaire did so. Many of them were authors of the 1979 "Experience and the Future" seminar report. The majority felt that such a report was needed, although some skepticism was expressed in that some felt that excessive discussion of sociopolitical subjects posed yet another threat to our public life.

The president received a report in which our respondents replies were organized into three basic groups: a diagnosis, what we should strive toward, and work for reorganizing the country. An attempt at a synthesis of all the material was made by the sociologists Wieslawa Kozek and Kazimierz Frieskie. The report also contains an appendix outlining economic programs.

The general impression created by a perusal of all the studies and the report itself can be described as constructive disappointment.

[Spalinski] The reasons for that disappointment are surely quite obvious. Things have not turned out the way they were supposed to, and contrary to what elites suggested, including the intellectual elites, the construction of a new social order is proving to be more difficult than was originally imagined.

[Zakrzewski] That is true. That is a thesis that appears in almost all the statements. However, our respondents are also convinced that the process of sociopolitical changes is irreversible. They consider the experiences of the past 30 months to have been difficult, but instructive and they have proposed courses of action that would prevent mistakes from being made. That is why I talked about constructive disappointment.

[Spalinski] So, what is today's number-one problem?

[Zakrzewski] We did not classify things in that way. However, in general, one can say that the state of our political institutions arouse the greatest concern. Economic decisions continue to have a political character, and our respondents have no doubts about this whatsoever. The failure of enterprise privatization to yield more substantial results, chaos in the banking system, and the lack of State Treasury institutions—these are, above all, a consequence of the weakness of political institutions.

[Spalinski] But if something new is started every few months....

[Zakrzewski] Precisely, the lack of continuity in government, the failure to respect decisions made by predecessors, the politicization of the administrative apparatus, the decline in the skills and morale of public servants are clearly visible and are perceived as divorcing government from society and its real problems.

[Spalinski] That is just a short step away from questioning the very basis of democracy.

[Zakrzewski] No, a significant number of the letters stress that any kind of departure from democratic procedures could be very dangerous. If the Sejm is seen as an institution that is unable to produce a government, an institution dominated by personal disputes and cheap ideological appeals, and the political class is engaged in internal warring and coalitions are formed around personalities, that still does not provide sufficient reason for calling into question the principles of democratic order.

[Spalinski] So, this time we have a fairly uniform assessment of the situation, the views of the man in the street and those of the questionnaire respondents are convergent. We know what the diagnosis is, and so what consequences is it going to have?

[Zakrzewski] In the case of these studies, we can only talk about proposals and suggestions addressed to the institutions of government: the president, the government, and the parliament. At the top of the agenda is the call to strengthen the state and executive authority, which is deemed a prerequisite for the success of the Polish reforms. The parliament, in its present form, is seen as being a body that has been discredited to such a degree that there are no proposals to increase its role. The call for a strong state is in concrete terms a call for increasing the powers of the president, increasing the government's independence of parliament or, in addition, strengthening the government and the Office of the President. This latter proposal is the one that is mentioned least.

[Spalinski] So, is this not merely yet another questionnaire commissioned by the court. The Office of the President commissioned a diagnosis and its authors responded in a way that satisfied its expectations.

[Zakrzewski] I firmly reject that kind of interpretation. Besides, I think that even just those statements that appeared in ZYCIE indicate the very opposite. The Office of the President, irrespective of who heads it, is considered to be an institution safeguarding Poland's interests. The Office of the President cannot and should not become embroiled in the performance of everyday executive functions. On the other hand, expectations of the very opposite kind are pinned on the person of the president, Lech Walesa. He should be deeply involved in the reform process, articulate the feelings of the man in the street and of those social forces that are not participants in the functioning of parliamentary democracy. The president should possess a shadow cabinet and exercise greater influence over the formation of governments....

[Spalinski] So, what would the government be left with?

[Zakrzewski] The government—often termed a national government, a government of salvation, or a government of specialists—would enjoy a greater degree of independence from parliament and would be less political than at present. It would be an efficient specialist organ that would reform our state and the Polish economy.

[Spalinski] Like all documents of this kind, the report undoubtedly contains no shortage of projections and scenarios for the way in which the current situation will evolve.

[Zakrzewski] There are two basic scenarios: the moderately optimistic and the extremely pessimistic. The first envisages that Polish society still possess enough reserves of a constructive readiness to accept reform. In this case, the president would act as the guardian of democracy. The extremely pessimistic version of events envisages a radical shift to authoritarianism. The immediate cause might be the strikes that are expected, increasing anarchy in public life, poverty on the part of broad sections of the population, and conspicuous consumption by the nouveaux riches. Finally, there is a third scenario: a controlled crisis, hence, a crisis that would be controlled either by the president or the government. Those who hold this view stress that this will not be possible without turning to specialists. The neoliberal faith in the causative possibilities of self-organization and society's spontaneity are being called into question.

[Spalinski] What will happen to the report now?

[Zakrzewski] The president has already reviewed the report and has requested additional information on certain detailed questions. Discussions will probably be held with the participation of the authors. A synopsis of the report will be made available to the media.

Presidential Chancellery State Secretary Profiled
92EP0354A Warsaw GAZETA WYBORCZA in Polish
22 Apr 92 p 13

[Article by Jaroslaw Kurski: "Wachowski Speaking"]

[Text] There is seemingly no goal that Mieczyslaw Wachowski cannot accomplish, once he poses it to himself. In 1979, at age 29, at an Oasis Movement camp, he stops drinking and takes a vow of sobriety. Many viewed him as a convert. He gained the friendship of an intellectual Catholic family which was in contact with the Gdansk democratic opposition, the Young Poland Movement.

To Wachowski everything is either a game, a source of amusement, or a business deal. Even alcohol. "If he drank, he did it so as to wait out all the others who in the meantime fell under the table and lay there like sacks of potatoes while he alone remained on his feet," a drinking companion reminisced. "A deal can be made for anything and with anybody. That business with the vow of sobriety at the Oasis in Szlachta near Kociew was concluding a deal with God. Mietek could wheel and deal even with Him."

At the time, in 1979, Wachowski seemed to everyone to be sincere, genuine, and disinterested. He acted helpful and devoted to the family whose friendship he had gained, and seemed ready to do for it anything whatsoever. He seemed to be gifted at practically anything, and

he was very industrious. In the adjacent garden he grew tomatoes and strawberries. He got up at 0500 and watered the bushes.

He would often sail on a yacht in the Gulf of Gdansk. He was a good sailor and a super companion. Incredibly witty, improbably lively, bursting with energy, he kept up a jolly mood on the boat's deck. He would play bridge until 0300 and then get up at 0600, busy himself, put things in order, prepare breakfast. He was a superb cook. His pancakes were delicious.

He had a loving wife, a historian by training. He was a good father, attentive to his children and listened to them. In the morning there was calisthenics and prayer. Discipline.

He traveled to England for three months and there at first he repaired cars right on the street and subsequently wound up in a specialist garage. He came back richer in a skill and with money for which he bought a taxi, a Fiat 125p.

Wachowski imitated those from whom he could learn something. He began to be interested in politics and, together with them, he experienced patriotic raptures, strikes, and protest marches. Even if this may sound like believing in a conspiracy theory of the world, one wonders whether Wachowski might not even then already have been counting on profiting from his association with that Catholic intellectual family. The opportunity arose soon, in September 1980, when Walesa's first chauffeur turned out to be a Bezpieka [Security Service] agent. Henryk Jagiello, the office manager for the Interfactory Founding Committee of NSZZ Solidarity, was looking for a trustworthy new chauffeur for Walesa. The mother and sons of that Catholic family vouched for Wachowski, who was also recommended by Arkadiusz Rybicki (whom Wachowski's intrigues forced 11 years later to step down from the Presidential Chancellery and the post of chief of staff to the president).

The following day Mieczyslaw Wachowski drove up in front of the Solidarity building in his own car. His meteoric career had begun. From the beginning he had wanted to be something more than a chauffeur. For weeks he kept pressing to be given the title of assistant to the NSZZ Solidarity chairman, and of course he finally reached his goal. Soon he became the closest confidant of Lech Walesa and his family. He could do anything: drive the car and be a fixer and the man who arranged things. He took care of Walesa's recreation and entertainment. He was needed and useful, not only to Walesa. When the Solidarity chairman was reluctant to attend some or other show or public occasion, Wachowski's help was requested. "I'll get the Wodz [Leader] in a jiffy," and he did. Wachowski always kept him in the right state of tension. He received requests for releasing that tension in him. Everybody knew that then Lech would be in top form.

During the Solidarity period he sometimes visited that friendly Catholic family. He was the life of the party—

after all he was at the heart of events—he narrated anecdotes and grumbled about the boss. “That Lech does not understand anything. Were he to listen to me, he would be OK.”

At that time he was extremely cordial to an American television team, ABC. He always kept them posted about the time and place of confidential meetings of the Wodz. ABC showed up where no other reporters did.

Wachowski is the captain of his fate, the master of his destiny. On 13 December he was interned. Brought to Strzeblinek near Wejherowo, he boasted, “You’ll let me go very soon anyhow.” And indeed, after just one day he was freed. In Lech’s absence he took care of his family. He was as always devoted and self-sacrificing. He drove Walesa’s children on their vacation. He shopped for the family.

As established by Piotr Wysocki, a ZYCIE WARSZAWY reporter, in 1983 Wachowski bought a house on Wasowicz Street in Gdynia. The verbal agreement was for 2.5 million zlotys [Z], but the notarial agreement specified Z1.5 million. Wachowski paid only Z1.5 million. After all the documents were signed by the seller, Mrs. Maria Staskiewicz, a retired geography teacher from Elementary School No. 7 in Gdynia, he declared. “I shall not pay a cent more for this ramshackle hovel. After all I paid you the amount you had signed for. No more.” Mrs. Maria’s daughter Barbara Januszkiiewicz said, “He ran around the room, hugging his chest as if his heart pained him and pretending that he was taking a heart medicine, but it was my mother who suffered her first heart attack after this conversation with Mr. Wachowski. Ever since then mother has been ailing. She passed away on 2 May 1987. We had never before met such an evil man. He bought such a lovely house, 220 square meters, for so little and at the price of my mother’s health.”

In mid-1983 Wachowski decided to stay away from politics. He said, “The games Walesa is playing are worthless.” He decided to make money. And since then the topics of his conversation reduced to tire treading and berries in Sweden. He disappeared for an entire seven-year period.

During 1983-89 he engaged in tire vulcanizing and became a building contractor, got divorced, and sailed on sea voyages. In 1989 he took an around the world voyage on the ship *Zawisza Czarny*, in the capacity of a boatswain. He returned to Gdynia on 12 April 1990.

Everybody had forgotten Wachowski, when suddenly on a day in October 1990 he appeared at the head office of Solidarity, 24 Waly Piastowskie, Gdansk.

A new stage in the great career of Mieczyslaw Wachowski commenced. He was always present at that head office, and always ready to be of service. He told jokes and answered the phone, “Northern Poland here. Mieczyslaw Wachowski speaking.” He was energetic and traveled with Walesa through Poland, co-organizing the

Wodz’s itinerary. He began to act as a substitute for Krzysztof Pusz, Walesa’s secretary. He started to take decisions on his own. He told Pusz, “Since we are working together, I too will introduce myself as the secretary of Lech Walesa.”

After several weeks of Wachowski’s intrigues, Walesa decided to fire his two female secretaries: Zofia, who had been working for him ever since the martial law era, and Joanna, whose seniority was not as long. The pretext for removing Zofia was “incompetence,” which Walesa perceived only after seven years. As for Joanna, Wachowski made up a story that she was sleeping with the Wodz’s bodyguards. She was summoned to Walesa’s office and there the Wodz shouted at her, accusing her of whoring with the bodyguards. She was dumbfounded. The brutal slander made her cry. She ran out of the office. She did not return to Walesa even though he wished it. Joanna’s father felt impotent and furious, the more so considering that the affair was made public by NIE and in the version provided by Walesa and Wachowski at that. The latter parting words to Joanna were, “Child, you’ll see, I’ll become the consul in Acapulco.”

The girls were defended by Krzysztof Pusz, and at once he too rushed out of the office. He did return to Walesa’s employ, but now not as his secretary: The post was given to the former boatswain, live wire, fortune’s favorite, Mieczyslaw Wachowski of northern Poland. Since then Wachowski has been riding as a passenger in rather than the chauffeur of Walesa’s car, now a Lancia.

At the Belweder he became the president’s chief of staff with the rank of under secretary of state. But that was too little for an ambitious man like him. He wanted to be appointed secretary of state, and he was. He told Jaroslaw Kaczynski that he did not need his support to get the nomination. And indeed three months later he got the appointment despite Kaczynski’s objections.

In the Belweder he ostentatiously carries a list of persons “to be weeded out.” He states openly that it is he who decides who will stay and who will go. The sequence of names on that list continually changes depending on his mood at the moment. At present no person on his list is working any longer for the president.

Wachowski shall become the consul in Acapulco, either by his own choice or as a banishment. That is certain.

Jaruzelski Discusses Martial Law Declaration

AU0805103392 Warsaw GAZETA WYBORCZA
in Polish 25-26 Apr 92 pp 8-11

[Interview with General Wojciech Jaruzelski by Adam Michnik; place and date not given: “Talking Without Hatred”]

[Excerpts] This text has appeared as an annex to General Jaruzelski’s memoirs entitled *Les Chaines et le Refuge* [*Chains and Refuge*], published by the French Lattes publishing house a few days ago. [passage omitted]

[Jaruzelski] What would have happened if martial law had not been declared? Is it justified to describe martial law as a lesser evil, or is that term merely a disguise for the need to have introduced martial law? I realize that martial law is assessed in various ways. It seems to me that Solidarity, or post-Solidarity, still has a rather subjective view of martial law, which I of course understand, for if martial law really was so evil, then we can all speak out more prominently.

No one knows what form the dispute over martial law is going to take, and whether this dispute will build or destroy relationships. I was the repressor, and you the repressed, and I do not wish to assess these matters in moral terms, but in political terms. [passage omitted]

[Michnik] General Kiszcak [interior minister at the time] has said that the decision to introduce martial law was reached two months earlier.

[Jaruzelski] The technical preparations were made, but not the kind where it was enough to press the proverbial button. The temperature was also rising, abroad. We geared ourselves to push through parliament a law on special powers, involving, for example, a ban on strikes during winter, and we prepared ourselves for the eventuality of imposing martial law if the strike ban went unheeded and a general strike was declared. Some people say these special powers were supposed to remove the necessity of martial law. I realize they were unacceptable to you, but try to see the other side of the coin, try to realize that we wanted to get through the winter. I have a memorandum written by Stanislaw Ciosek [Politburo member] in November 1981: "In order to avoid a biological disaster, I suggest that in large conurbations, the inhabitants of several districts should all be moved to one district, and that this district be heeded." He was quite serious. Those are the kind of ideas that reached us. From Moscow, of course.

Only the sum total of all this can reflect the pressure and sense of responsibility. All of us in the leadership, from Kubiak to Siwak, were in agreement, though of course we were all very different from each other. When I finally pressed the button, I felt an enormous sense of relief that I no longer had to decide.

Look at the issue in two dimensions. The first dimension—was it possible to avoid martial law, and if so, in what way? And the second dimension—the implementation and effects of martial law.

If I did choose the lesser evil, then I am all the more critical of what happened later. [passage omitted]

[Michnik] The measure of the maturity of nations, societies, and people is the way they view their own history and biographies. It is highly probable that if I had been caught trying to escape from Bialoleka [Michnik's place of internment during martial law], I would have been shot. It is absolutely certain that if I had had the opportunity to see you, or General Kiszcak, or Prime

Minister Rakowski at close quarters on that day, 13 December, and I had a gun, I would have shot all of you.

But at the same time I think it is a highly significant fact, and a kind of victory for both of us, that today we can discuss these matters without hatred, without hostility, with respect for each other, while remaining faithful to our own biographies. If there is a chance for Poland and I believe there is, that chance lies in the ability of people to talk to each other without hatred and hostility.

[Jaruzelski] A greater evil, a lesser evil, that question goes through people's minds all the time. I still believe that what was done was inevitable. But on the other hand, I know today that one must respect the interests of others, not to see them in terms of black and white, but to try to understand them. That does not mean we must reach agreement on every point, but merely that we must understand each other. That is the most important thing.

Lines of Authority at MOD Remain Blurred

92EP0341A Hamburg *DER SPIEGEL* in German
No 17, 20 Apr 92 p 172

[Unattributed article: "The Watch on the Bug: Poland's Army Only Conditionally Combat-Ready; Politicians at Odds Over Command"]

[Text] Enlisted men wear high, four-cornered caps, just as they did at the beginning of the 19th century; officers are appointed with a sword stroke on the shoulder in an old ceremony. Every Sunday at noon a company of men in dashing uniforms marches to the sound of fife and drum to the changing of the guard ceremony at the Tomb of the Unknown Soldier. The Polish army puts great stock in tradition.

Since the political changes in Poland and the collapse of the Soviet Union, however, the military has had to reorient itself totally. Today young Polish officers are drilled by sergeants from the elite U.S. Military Academy at West Point rather than by sergeants from Soviet military academies.

Overnight the enemy changed: The West has become the friend, danger looms from what used to be the fraternal Soviet Union, where nationalist politicians could provoke conflict, Warsaw fears.

Now Poland is having to shift several divisions from its western border to the interior and to the Bug River, so they can confront invaders from the former Soviet Union more quickly. Furthermore, today the Polish army is only supposed to defend the homeland.

In any case, the defense effort has already shrunk. Military manpower has fallen from 394,000 in 1987 to just 300,000 today and the service obligation has been reduced. In the next few years an additional 50,000 men are scheduled to return to civilian life.

Controversy rages as to who is the commander—a controversy that has become a scandal and could cost Minister of Defense Jan Parys his job.

According to the still largely unchanged Communist Constitution, the president is also commander in chief, although his authority is not precisely defined.

"The president," says Jerzy Milewski, head of President Lech Walesa's National Security Office, "must have great influence on the army." The ministry should deal only with administrative matters, he says.

On the other hand, Prime Minister Jan Olszewski wants to secure his authority over the armed forces. In a show of strength, Defense Minister Parys recently forced his predecessor, Vice Admiral Piotr Kolodziejczyk, into retirement and fired the chief of military counterintelligence, Rear Admiral Czeslaw Wawrzyniak, without consulting Walesa.

Parys brought the dispute with Walesa to a head by indirectly accusing him of planning a coup: He charged that "certain politicians"—a reference to some of Walesa's advisers—had promised "selected officers" promotion if the army took their side in "political struggles."

The president disputed the charges and demanded the resignation of the "young man with human weaknesses." Parys offered his resignation and went on vacation; a commission is investigating the case.

Regardless of who commands the Polish army, it is far from an effective fighting force. Three-fourths of the mostly Soviet equipment is obsolete and there is no money for modernization: The budget shrank by 11 percent this year, to 3 billion German marks [DM]. The Defense Ministry owes DM120 million of that to the defense industry. Fuel and munitions stocks have already shrunk drastically. Pilots fly just 40 hours a year (Bundeswehr: 180 hours) and combat ships are at sea only 18 days a year (FRG Navy: 58 days).

Nonetheless, one part of the uniforms is going to be modernized soon: Because the army's emblem, the Polish eagle, once again wears a crown as it used to in the old days, all uniform buttons must be changed.

1992 Ruble Settlements With Bulgaria Extended

92EP0367B Warsaw RYNKI ZAGRANICZNE in Polish No 44, 11 Apr 92 pp 1-2

[Interview with Ivan Kolev, department director in the Bulgarian Ministry of Industry and Trade, by Jozef Zielinski; place and date not given: "Jointly Create New Ties"]

[Text] On 9 April in Warsaw an agreement between the Polish Ministry of Foreign Economic Cooperation and the Bulgarian Ministry of Industry and Trade was initialed, which extended to the end of the year the mutual settlement of accounts in transferable rubles.

The editors of RYNKI ZAGRANICZNE asked Mr. Ivan Kovlev, department director in the Ministry of Industry and Trade, to comment on the document.

[Kolev] The agreement provides that deliveries paid in transferable rubles will be settled up to 1 October. A month is being left to prepare the necessary documents and a month to agree upon the final balance. The present agreement, initialed by me and by director Mieczyslaw Ratajewicz from the Ministry of Foreign Economic Cooperation, will become legally valid after it is signed by the ministers of our countries.

The final date for accounts-settlement was postponed several times. During the talks held at the end of the year, it was anticipated that the mutual accounts would be settled last month. In February there was another round of talks for the purpose of finding a way of covering Polish accounts-payable in Bulgaria.

[Zielinski] According to Bulgarian estimates, what is the balance in accounts settlement with Poland by virtue of turnovers in transferable rubles?

[Kolev] Bulgarian estimates agree with Polish estimates and show our debt to be approximately 500 million transferable rubles. There may be some small differences. Contracts have already been concluded for 150 million transferable rubles and I believe that this is not the final limit. The Bulgarian government puts a high value on flexible action and Poland's understanding of the difficult economic situation in which Bulgaria finds itself.

[Zielinski] Moscow television this month reported the intent of the CSFR [Czech and Slovak Federal Republic] to exchange the amounts due from Russia, and also Bulgaria, for shares of stock in enterprises. Would you give us your opinion on this matter?

[Kolev] I do not know the details. Nevertheless, I believe that every possibility should be examined.

[Zielinski] The foreign press often writes that economic reform in Bulgaria is proceeding too slowly. Does this not discourage foreign capital to invest in it?

[Kolev] Naturally, these are matters which are mutually related. I do not agree, however, that reform in Bulgaria is lagging. It has been going on for a year and parliament has already approved the most important documents, including the law on privatization and foreign investments.

[Zielinski] In the past, Poland and Bulgaria maintained close coproduction and specialization ties. What is the possibility of maintaining and restoring such cooperation?

[Kolev] Lately, cooperation between many Bulgarian and Polish enterprises has been breaking down and continues to break down. Our countries are experiencing difficulties. Foreign indebtedness is also impeding cooperation. This disturbs us.

Restoration of these ties depends on what happens this year and future years. Some coproduction ties will not have to be restored because economic priorities in both countries are changing. We are jointly attempting to build economic structures and organize the work of our trade agencies in such a way that they will stimulate the development of mutual relations to the maximum extent. We have examined the possibility of creating "export promotion" structures, which would help new firms and enterprises in establishing sales and production contacts.

We were pleasantly surprised by a firm from Czestochowa which took part in the negotiations and has already found a place for itself on the Bulgarian market. It established contact with a firm in Shumen. For now, this cooperation limits itself to barter commodity exchange. But consideration is being given to wider cooperation, including investment.

This is a positive example of the favorable results of the direct involvement of producers and traders. If we had attempted to arrange this by an administrative method, nothing would have come of it.

[Zielinski] Thank you for the interview.

Copper Industry: Status, Privatization Plans

92EP0367A Warsaw RYNKI ZAGRANICZNE in Polish
No 44, 11 Apr 92 p 4

[Article by Anna Rzechowska: "Transforming the Copper Giant"]

[Text] From the time that the economic reforms being conducted in Poland opened the road to our industry to foreign capital, not only are Western buyers of this raw material interested in Polish copper, but so are investors. Among those willing to commit their own money and then share in the profits from the sales of the red metal are many firms from Europe, the United States, Canada, and even Australia.

But before cooperation with a foreign partner takes place, there must be an organizational transformation. The copper giant—the Copper Mining and Metallurgy Combine (KGHM) in Lubin, controls one of the largest natural riches of not only our country, but also the world. Our deposits are the largest in Europe. They constitute approximately 10 percent of the world's resources, and Poland is the eighth largest producer of copper and seventh as to obtainment of silver as a byproduct from copper-bearing ores.

The organizational task is not easy, given the enormous capacity which the combine manages. It has 20 plants. Last year it employed 41,000 people, supplying 85 percent of the production and over 90 percent of the receipts from export in the entire voivodship. It is also Poland's largest industrial enterprise and its largest exporter, accounting for 8 percent of total exports.

The process of ownership and structural transformations in KGHM began in the middle of 1990. It was based on three basic assumptions: First, that the enterprise will remain under Polish control. Second, that allocations of profits will enable the firm to develop and create new jobs. And third, that efforts will be made to minimize the negative social effects of these transformations.

The strategic interests of the firm were determined on the basis of an examination of the internal and external situation, with special consideration to the strong competitiveness of copper producers on the world market. The advice of the well-known consulting firm, A.T. Kearney, was used. It was decided that the ultimate structural organization capable of fulfilling the intentions that have been outlined, is a holding company.

In September 1991, the KGHM state enterprise was transformed into a one person state treasury stock company. At the end of December, the board of KGHM Polish Copper SA, made a decision as to the new organizational structure of the enterprise. As of January, it is divided into three sectors: mining-metallurgy, processing, and engineering services.

The first sector, which is the core of the firm and produces the major portion of the profits, is made up of the Lubin, Polkowice, Rudna, and Sierszowice mines, and the Legnica and Glogow mills. The second sector is made up of the Cedynea Rolling Mill and the Elpena Yarn Beam Conduit Factory. The third sector are construction, repair and assembly, mechanical, experimental, and design-research plants. In the next stage of transformation, the sectors will be converted into one-person KGHM SA companies.

Work on the details of the organizational model and the principles of the functioning of the copper sector has been underway for many months. As one of the board members and head of the copper sector, director Jerzy Markowski, said in an interview, this sector will be a concern-type organization. This model is generally applied in the world economy and is obligatory in raw materials industries. The departments of the concern, i.e., the mines and mills, will have full economic and technological sovereignty, but at the same time will be subordinate to the concern's board.

Therefore, they will execute segmental economic and financial plans in the form of fixed budgets, resulting from joint strategy. No one will interfere in methods and ways. It is important that under given conditions they perform tasks as best and as cheaply as possible. The profit, earned at the concern level, will be divided fairly among all members of the copper community.

Joint capital policy (including trading on the capital market), tax, insurance, wage and investment policy (in the field of environmental protection also), will be under the aegis of the concern. At the same time, quoting the words of director Markowski, the concern will conduct

joint marketing policy, eliminate the internal competition now appearing between mines and mills, and create a hermetic financial system.

An important organization change in the area of Polish copper export was the creation last year of the Metals Trade Enterprise KGHM-Metra (a limited liability company). The future copper holding company, of which Metra became a part, intends to steer policy and business in the field of foreign trade independently, without the present mediation of CIE-Impexmetal.

Last year, i.e., at the very beginning of its operations, Metra sold over 45,000 tonnes of copper to foreign customers. This year the combine plans to independently export about 300,000 tonnes of the metal. Metra established its own agency last fall in London, the world trade center for metals, for this purpose. Its name is AB-Polimet, Ltd.

In light of the organizational changes being made in the Polish copper industry, it would be well to recall last year's results in this branch. According to the preliminary figures of the Main Statistical Office, production of electrolytic copper in 1991 totaled 378,000 tonnes, surpassing last year's production by 9.4 percent. Export of copper and semifinished products rose 23 percent over the preceding year, reaching 241,000 tonnes. All transactions were settled in convertible currencies.

But KGHM's financial results last year were not as good as the year before. The combine's gross profits fell by almost half—from a record 6.5 trillion zlotys [Z] in 1990

to Z3.5 trillion. This large difference was attributed to two reasons. On the one hand, a distinct deterioration of economic conditions on the world copper market, followed by a drop in quoted prices, and second, a growth in domestic production costs. It should also be noted that the spectacular achievements of 1990 were not only the result of the combine's work, but also such additional factors as the change in domestic metal prices to make them realistic and the change in the rate of the dollar while energy and fuel prices were undervalued.

Despite much lower profits, KGHM's investment plan for the current year envisages expenditures for this purpose at 80 percent of last year's. They will cover indispensable modernization undertakings in the areas of engineering, technology, environmental protection, and the regeneration of mining capacity.

In its long-range investment plans, KGHM must also take into account that Polish copper deposits will some day be exhausted, which will deprive those employed in mining of jobs. Yet not much has been invested in copper processing in Poland, and especially in the production of highly processed products. There is a vast field for action, therefore, in which KGHM sees a possibility of cooperation with foreign partners, as part of joint ventures.

The entire program of ownership changes, which intends to transform the combine into a holding company, assumes that new production and service plants will result, which will also earn money through export.

List of Price Increases Set for 5 May

92BA0882A Bucharest ADEVARUL in Romanian
1 May 92 pp 1, 3

[List of new prices effective 5 May 1992 with an introduction by Constantin Moraru]

[Text] The press conference held yesterday at the Victory Palace dealt with only one topic: The 25-percent cut in subsidies for certain products and services, and social protection measures, such as a 100-percent compensation for the increase in subsidized prices.

From their meeting with Messrs. Iacob Zelenco, head of the Prices Department of the Ministry of Economy and Finance; Ovidiu Grasu, secretary of state at the Ministry of Agriculture and Food Industry; Dorel Mustatea, secretary of state at the Ministry of Labor and Social Protection, and other officials the press representatives

were left with a bitter taste and profound disappointment: Questions of a broad interest were given stereotype, ambiguous, and thus necessarily unconvincing answers. The list presented featured products and prices that may appear only in the files of government officials, because no one has seen them in the stores for a long time. Equal amazement was caused by the fact that some of the prices announced were lower than the current ones. As a matter of fact, excuses such as, "The price of meat and meat products was discussed up to the very moment we came here," "We did not have enough time," "We managed to get the prices only just now, perhaps by Monday there will be some clarifications," and so forth showed that a measure with such extensive implications was worked out in haste (as was also the case last November). In other words, another jump into the void with an untested parachute.

For the time being we will refrain from further comment and publish the list of products with new prices—which was entrusted to us at the press conference—while in the next issue of our newspaper we will carry the social protection measures announced yesterday.

A. Products That Will Continue To Be Subsidized After 5 May 1992

Product/Service	Unit of Measurement	Current Consumer Price	Retail Price if all Subsidies Were Removed	New Consumer Price
Plain white bread, 500 g	Loaf	8.00	24.00	12.00
Dimbovita bread, 800 g	Loaf	10.00	30.00	15.00
Brown bread, 1,000 g	Loaf	6.00	18.00	9.00
Bulk refined sugar	Kg	32.00	96.00	48.00
Refined sunflower oil	Liter	40.00	108.00	57.00
Drinking milk, 1.8-percent fat	Liter	10.00	34.00	16.00
Butter, 80-percent fat, 200 g stick	Unit	25.00	125.00	50.00
Standard powder milk, in bulk, 80-percent fat	Kg	78.00	274.00	127.00
Beef, second grade quality	Kg	138.00	363.00	194.00
Mixed beef cuts for stewing	Kg	62.00	203.00	97.00
Pork with fat, second grade	Kg	105.00	220.00	134.00
Pork without fat, first grade	Kg	132.00	260.00	164.00
Mixed pork cuts for stewing	Kg	74.00	196.00	105.00
Chicken, without head, neck, and feet, first grade	Kg	97.00	372.00	166.00
Chicken without head, neck, and feet, second grade	Kg	90.00	356.00	157.00
Chicken breast, with bone	Kg	167.00	579.00	270.00
Chicken innards	Kg	40.00	166.00	72.00
Bologna	Kg	140.00	447.00	217.00
Summer salami	Kg	235.00	600.00	326.00
Picked coal	Tonne	375.00	6,795.00	1,980.00
Coal briquettes	Tonne	930.00	14,090.00	4,220.00
Fire wood	Tonne	580.00	7,260.00	2,250.00
Cooking gas container	Unit	35.00	495.00	150.00
Light heating fuel	Tonne	2,150.00	34,230.00	[illegible]
Natural gas	m ³	1.00	11.70	3.70

A. Products That Will Continue To Be Subsidized After 5 May 1992 (Continued)

Product/Service	Unit of Measurement	Current Consumer Price	Retail Price if all Subsidies Were Removed	New Consumer Price
Electrical power	kWh	0.65	12.70	3.70
Thermal power	Gcal	220.00	2,832.00	873.00
Urban transportation fare				
—Average route, provinces	Monthly ticket	70.00	922.00	283.00
—Bucharest	Monthly ticket	75.00	775.00	250.00
Train ticket for 51 km/month		113.00	2,889.00	807.00
Highway motor transportation for 30 km	Month	158.00	1,570.00	511.00
River transportation in the Danube Delta, Orsova-Moldova Noua, and Braila-Hirsova (50 km)	Second-class ticket	18.00	154.00	52.00

B. Products No Longer Subsidized After 5 May, for Which 100-Percent Compensations Are Awarded to Various Categories of the Population

Product	Unit of Measurement	Current Consumer Price	New Consumer Price
Lined School Notebook, 48 pages			
—Letea and Petresti factories	Unit	14.00	47.00
—COMCEH, Calarasi	Unit	14.00	66.00
College Notebook, 100 pages			
—HICART, Bistrita	Unit	40.00	155.00
—COMCEH, Calarasi	Unit	40.00	225.00
School Notebook, 100 pages			
—HICART, Bistrita	Unit	27.00	73.00
—COMCEH, Calarasi	Unit	27.00	123.00
Drawing Pad A4			
—HICART, Bistrita	Unit	17.00	62.00
—MUCART, Cluj	Unit	17.00	91.00
Geography Notebook			
—Letea, Bacau	Unit	19.25	101.00

The differences will be given directly to school and college students through the schools, on the basis of a special social protection program.

School textbooks will continue to be distributed free in state preuniversity schools.

C. Products Whose Current Prices Will Not Be Changed

—Orthopedic prostheses and products: The differences will be borne out of social security funds, social aid, or other funds.

—Nursery and kindergarten fees: The ceilings which determine the parents' contributions in correlation with indexed incomes or compensations will be modified.

—Rents for state housing.

D. Nonsubsidized Meat and Meat Products Whose Prices Will Change Following the Elimination of Subsidies for Meat on the Hoof

Product	Unit of Measurement	Current Consumer Price	Consumer Price as of 5 May 1992
Beef			
On the hoof	Kg on the hoof	100.00	185.00
Slaughtered	Kg	262.00	444.00
Fillet	Kg	848.00	1,375.00

D. Nonsubsidized Meat and Meat Products Whose Prices Will Change Following the Elimination of Subsidies for Meat on the Hoof (Continued)

Product	Unit of Measurement	Current Consumer Price	Consumer Price as of 5 May 1992
Prime beef	Kg	339.00	526.00
Pork			
On the hoof	Kg on the hoof	115.00	170.00
Slaughtered, with lard	Kg	233.00	317.00
Slaughtered, without lard	Kg	290.00	382.00
Filet	Kg	635.00	1,058.00
Prime, without fat	Kg	347.00	439.00
Prime, with fat	Kg	267.00	351.00
Chicken			
Legs, with bone	Kg	482.00	530.00
Processed meat			
Italian salami	Kg	425.00	585.00
Smoked pork sausages	Kg	500.00	680.00
Smoked pork chops	Kg	203.00	305.00

Note: The retail prices featured in D. are top prices and may not be exceeded. The prices of other meat cuts and meat products will be negotiated in accordance with

Government Decision No. 53/1992 and the norms issued by the Ministries of Economy and Finance, Agriculture and Food Industry, and Trade and Tourism.

First Signs of Economic Upturn in Slovenia

92BA0824B *Ljubljana DELO* in Slovene 18 Apr 92
pp 20-21

[Article by Ilja Popit: "Voice of a Cuckoo From the Gorge"—first paragraph is DELO introduction]

[Text] On 19 March we learned about the arrival of a "bird announcing better times, which is that this February industrial production in Slovenia turned upward for the first time." This bird was pointed out by none other than Prime Minister Lojze Peterle at a special news conference.

Are things already better now, then? Are things better than they were, for example, three months ago? Perhaps even better than during the time of previous governments? Voters probably elect a completely new political leadership because they want a better life for themselves. There were promises of something better today as well, although we soon afterward patiently swallowed completely different statements as well: about the possibilities of a one-day fast per week, in order for us to eat what is really ours. Soon afterward a warning came from an even higher place that we may soon start to consume grass. With production declining for a considerable time now, with the steep decrease in employment and the growth in unemployment, with the reduction of sales and earnings, the drying up of investments, the decline in buying power, crushed between the rollers of constantly growing prices, the reduction in supply and the "stable" exchange rate, we have already virtually stopped thinking about the possibility of something different and better. Then came the statement that the harbinger bird was here.

The very fact that Peterle uttered such a boast as soon as the Statistics Institute calculated the February figures for the changes in industrial production indicates how painful the prolonged and profound decline in numerous areas is for the government as well. How could it not be, since the government is responsible for the implementation of policy? But we know that politics is everything, whether we like it or not in a certain area.

Unfortunately, in the present situation industrial production is not like the cuckoo, the harbinger of spring, which starts to cuckoo as early as the beginning of April, and falls silent a little if cold weather comes again then, but certainly starts to cuckoo regularly at the end of April.

In Slovenia this time, industrial production in February did not even show a real increase in comparison with last February, but rather only a certain lower decline. Specifically, it produced 10.4 percent less than last February, as a result of which this year's lag behind last year's production, which still amounted to 16.5 percent in January 1992, was reduced in the first two months of 1992 to 13.4 percent below the production of the first two months of last year.

Consequently, in February the industrial cuckoo was still cuckooing very hoarsely, and primarily out of a large gorge. That kind of turnabout, of course, is nevertheless praiseworthy, even though one should wait a few more months for more extensive praise. In fact, it is only over the course of time that it will be possible to show whether that upturn is really a permanent one, and only later on, whether the shift is strong enough to really make up for what the crisis has taken away so far. It was precisely during the present crisis that we had a one-year upturn, namely only in 1989, when Slovene industrial production increased by 1 percent in comparison with the year before. This, of course, still did not rise above what was lost with the decline in 1987 and 1988. We know, however, that even the "cuckooing" at that time, namely the 1 percent increase, lost any indication of better times through the decline in the following years, since the crisis has been even more severe since then.

Consequently, the present crisis has already lasted for six years, and is so serious that production has not only descended to the level of six years ago, but even the level that existed about 18 years ago, namely in the distant year of 1974. Consequently, the extent of this February's "smaller decline" is only an improvement in the level of 1974. The farcical nature of the government's enthusiasm over an improvement merely at that level lies in the fact that its parties' campaign platform announced that things would be better for us than they were in the "Age of Lead." That is the name that some people use to characterize the first years of the 1970's.

That much of a decline in industrial production to date is a serious blow, which has also inflicted a large wound on the social product. Just recently, our industry was such a strong branch that it created half of the Slovene social product. In 1989, this share even amounted to 56.1 percent. In the first year of rule by the present government, it declined to 44.4 percent, which is equal to a 33.4-percent share by the European method of calculating the gross national product.

At the same time, industry is a branch that also gives work to most of the others. If there is less of that work, then there is a direct decrease in the volume of transportation, building, sales, etc., for branches such as transportation, construction, trade, etc. Indirectly—because of the reduced earnings of those employed in industry, i.e., the working class—there is decreased work not only for the above-mentioned branches, but also for tradesmen, farmers, etc.

To a considerable extent, all this has actually happened in recent years. If we compare the volume of work done last year with the volume in 1989, then we see that industry produced 21.6 percent less, forestry 41.6 percent less, the construction industry did 37 percent less work, passenger trips were reduced by 42.2 percent, and trade in goods was cut by 7.7 percent.

The crisis can also be felt in other branches, even in sectors which do not display their activity publicly every

day in percentages, but in which it can be observed in the opening or closing of shops, and in differing levels of employment. Such an example is public shops, which have lost a full fifth of their employees in the last two years. In this regard perhaps we will say, "They obviously went to work on their own, among private businessmen." Even if this really did happen on the whole, we know that the entire private sector is employing very little, and increasingly less compared to the number of shops, which means that in general there is not an overabundance of orders. They also lack customers with money. Farmers are also dealing more and more with such issues: people would already be eating meat and cheese, milk, etc., if they had money, but since things are increasingly worse for the working class and for officials, the raising of livestock by farmers is also declining.

In tourism, the location of spending is not completely associated with the location of earnings. That is why Slovene tourism will recognize if earnings are worse in other republics and if travelers from the West are afraid to come here. Istria, Dalmatia, Austria, etc., will recognize that we earn less in Slovenia. People in Istria are aware of this, and are now offering discounts to guests from Slovenia.

Consequently, it is easy to get into a crisis, but it will be more difficult to dig one's way out of it quickly, and then actually "cuckoo" about something above the results already achieved previously. If we realize that we got into the crisis because we were not capable of exporting more to the West with better earnings, and that later on the crisis was further and more noticeably intensified because of the disruption of the Yugoslav market, then the way out of the crisis also depends on how those knots will be untangled now.

The elimination of hostilities and artificial barriers and thus the renewal of the Yugoslav market can yield major results in sales, and thereby also bring a revival of production. Except for the capacities that have been essentially destroyed by bankruptcies and liquidations, industrial equipment in Slovenia can be put in motion more quickly, since it has not been damaged. Several signs indicate that the Serbian and Croatian markets are "already" awakening. In this regard, customers there will naturally still have considerable monetary limitations. There are also fewer possibilities for barter trade, since Croatia has a considerable number of factories that have been destroyed. Their foreign tourism, except for Istria's, will probably not give them too much foreign exchange income this year either. Serbia cannot boast of its income either, and the automobile industry is also at a standstill, to a considerable extent, because of disrupted supply networks. Just as in Croatia, the Serbs have sowed less. Now the market and intermediary trade role of Bosnia-Hercegovina is also being ruined. There cannot be immediate normalization regarding these things, and consequently for a long time to come their orders in Slovenia and their influence upon production will not be as great as we would all like. It is an old and in any case solid wisdom, however, that after wars there

comes a revival of work and orders. Even after the great Skopje earthquake it was noted that the fastest renewals of industry are those which come after great earthquakes and serious wars, when, using preserved knowledge, modern and competitive equipment is erected.

It will not be easy to increase Slovene exports to the East and the West. Increasing trade with the West and a higher income from it depend upon how quickly we will increase the competitiveness of our products. So far this has not gone quickly, and in spite of calls for more aggressive exports, it does not seem that things have already become substantially better.

Some people expect that this will be done instead of us by foreign buyers of our enterprises, who will come with their own production and sales guidelines. Others call for the use of domestic knowledge, but warn at the same time that we are providing less and less for our own industrial research, and that we are even disbanding the scientific groups that have dealt with these things in the past. Investments are also lower again this year than in previous years.

Of course, the struggle for the market will be arduous. The demands of foreign customers are becoming stiffer. They are also raising them with stricter technical, etc., regulations. Even in the West, the oversaturation of the present markets is leading to stagnation and thus to import restrictions. Everyone would particularly like to export, but not to import, unless it is really something special. This does not work, however, since the customer also has to earn something; otherwise he does not have anything to pay for the seller's exports. The world already learned this wisdom in the 1960's, when numerous poor African and Asian states became independent. Now this is being learned again from the difficulties of East Europe. In this regard, Slovene enterprises are recommending to the government that it force foreigners who want to export to us to buy something here as well. Only a constant, sufficient market can ensure the permanent singing of the harbinger bird.

Slovene Industry Stagnating Since 1987

92BA0824A Ljubljana DELO in Slovene 16 Apr 92 p 3

[Article by Ilja Popit: "Slovene Industry Has Already Been Declining for Six Years"—first paragraph is DELO introduction]

[Text] In 1989 it created 56.1 percent of the total social product, but last year only 44.4 percent.

Ljubljana, 13 Apr—Slovene industry's production has actually declined for the sixth year in a row now, from 1987 on. Because in the initial years other sectors were doing even worse than industry, the share of industry's social product in the total republic product even improved until 1989 in spite of this. In the last two years, however, at the same time as the decline in the percentage of people employed in industry and the decline

in investments in industry, there has also been a serious decline in the percentage of the social product that is created by industry.

In 1987, industry in Slovenia created 52.2 percent of the Slovene social product. In the next two years, this percentage rose in spite of the decline in its production, and in the hyperinflationary year 1989, it even amounted to 56.1 percent of the republic's social product. The calculation of the social product for 1990 that has just now been published by the Slovene Statistics Institute, however, indicates that at that time Slovene industry only created 44.4 percent of the Slovene social product. In all of these comparisons, the social product is calculated according to the traditional Yugoslav method of calculation. These percentages are therefore comparable among themselves, and indicate our industry's decline. Last year's continued decrease in production, by 12.4 percent, the curtailment in payments for industrial investments from 27 percent to 24.7 percent of republic payments, etc., also indicate a further reduction in industry's share in the social product.

The decline in sales and thus production in individual industrial sectors is not uniform, of course. That is why there has also been a considerable change in the shares that individual sectors contribute to total industrial production. At the beginning of every year, the Statistics Institute weighs these contributions again, and specifies, on the basis of the previous year's production as a statistical weight, how much they will contribute to the current year's. If we compare such an account for this year with the one for 1983, we see that in the last 10 years

the furniture industry's share has declined from 7 percent to 4.6 percent. Ten years ago the paper industry contributed 4 percent to the republic's industrial production, but this year it is only contributing 0.9 percent; the machinery industry has fallen from 6.7 to 5.2 percent, ferrous metallurgy from 2.8 to 1.9 percent, spinning mills from 5.2 to 3.6 percent, etc. On the other hand, in 1983 coal mines had a 1.9-percent share; last year, 0.97; and this year, 2.4 percent.

If we categorize industrial sectors by the percentages that they are contributing to total Slovene industrial production this year, the electrical equipment industry is in first place again, with a 13.13-percent share. The share of the second strongest sector, the metallurgical industry, is 9.95 percent this year; the processing of chemical products, 8.48 percent; the electrical industry, 7.18 percent; the food industry, 6.72 percent; final textile products, 6.23 percent; vehicle production, 5.56 percent; the machinery industry, 5.22 percent; the furniture industry, 4.62 percent; spinning mills and weaving mills, 3.57 percent; and basic chemistry, 2.41 percent. The shares of the processing of nonmetallic ores, printing, and the production of construction material amount to 2.27 percent each; the production of beverages, 2.03 percent; the rubber industry, 1.87 percent; ferrous metallurgy, 1.87 percent; the footwear industry and the processing of nonferrous metals, 1.71 percent each; sawmills and lumber factories, 1.44 percent; the tobacco industry, 1.33 percent; and the leather industry, 1.31 percent, while the shares of 11 other sectors are fewer than 1 percent.

Legitimacy of New Constitution Questioned

*92BA0865C Belgrade BORBA in Serbo-Croatian
23 Apr 92 p 13*

[Article by Professor Stevan Lilic: "Third Yugoslavia in New Constitutional Attire: Constitution for Threat of War"—first paragraph is BORBA introduction]

[Text] Contested political legitimacy of the working version of the constitution. Democratic criteria were not respected in determining the composition of the expert group. Foregoing a referendum in Serbia violates the personal freedoms of the citizens and the collective rights of the Serbian nation. The goal of the new constitution is to deal with certain issues associated with the direct threat of war.

The text of the working version of the constitution of the Federal Republic of Yugoslavia raises certain preliminary issues. Is it possible to engage in a relevant (genuine) discussion of the solutions found in the working version of the constitution before individual unresolved issues have been settled in connection with political legitimacy, legal aspects, authorities, and rules governing the procedure?

In connection with unresolved issues concerning legitimacy, it is conspicuous that the starting point taken for drawing up the working version of the constitution was the so-called Belgrade Declaration, which envisaged some sort of federal community among at least three republics (Bosnia-Hercegovina, Montenegro, and Serbia), with the expectation that a fourth republic (Macedonia) would join this community. As we know, not only has this initiative never become a political reality; the general assessment today is that it is no longer even a working model, and on this basis the political legitimacy of the working version is also drawn into question.

In connection with the authority of the expert group, it has already been emphasized that the criteria for determining the composition of the expert group were neither established nor announced. Reference has been made, especially by political parties and legal experts, to the fact that aside from demonstrated expertise, consideration must also be given to respect for the principles of political pluralism and a nonpartisan orientation in establishing the composition of the expert group for drawing up the text of the constitution. Aside from this, it has also been pointed out that the process for nominating and deciding on the members of the expert group must be "transparent," i.e., that public access to all relevant facts and circumstances connected with proposing and selecting members of the expert group must be possible at every moment. Transparency also presupposes a public explanation of why the appointed candidates themselves (and not others) are more professionally and politically qualified than others to draw up the working version of the constitution.

Procedural Mistake

In connection with this, it is customary in determining the composition of various expert groups that special consideration be given to so-called "fair" political proportions among the ruling party and other political subjects. This is because if, by a concurrence of events, there are only people in the expert group who are of the same mind in terms of politics and party, then one must logically conclude that the ruling party does not respect the principle of *pro bono publico*, i.e., that it is not conducting political affairs in the general interest, but rather that it is projecting its own partisan interests as the general interests of the citizens, the nation, and the state.

The issue surrounding procedural rules is somewhat more complex. It is customary when forming new state communities, and especially when restructuring existing ones, to strictly apply contemporary democratic standards and ways for the citizens of that future state to express their will (referendum, plebiscite, etc.). As we know, the citizens of Montenegro recently expressed their (positive) opinion on this issue, while the citizens of Serbia were not given the opportunity to do so (at least formally). As a result of these circumstances, it is conspicuous that the citizens of Serbia have, *a priori*, been placed in an essentially unequal position in the future state with regard to their compatriots in Montenegro. It is also conspicuous that according to contemporary international and European legal standards, this "procedure" constitutes a violation not only of the personal freedom of every citizen of Serbia, but also of the collective rights of the Serbian nation (and the rights of national minorities). It is indicative, however, that particular interpretations have been presented in certain public declarations, according to which the citizens of Serbia have already expressed their will on this issue "in practice" at the moment when they declared their support for the new Serbian constitution in the referendum of mid-July 1990 (the legitimacy of which is also questionable). There is no need to give special emphasis to the fact that these interpretations are very damaging politically in terms of Serbia's interests and reputation, because they are simply untrue.

Pessimistic Scenario

In considering the text of the new constitution, it is also impossible to ignore the fact that the (so-called truncated) "SFRY Presidency, at the session held on 1 October 1991, after appraising the current political-security situation in the country, determined the existence of a direct threat of war" (Official Register of the SFRY, 75/91), whereby the SFRY Constitution was suspended in practice. Under conditions of a "legal vacuum," it is inherently true not only that actions based on the principle of legality are legally irrelevant in terms of substance and procedure, but also that any results engendered by corresponding legal actions are legally irrelevant. Just as in an economy based on the postulates

of so-called associated labor, where it is basically unimportant whether a producer of goods is economically efficient and competitive on the market, the same is true of the legal and political system based on a "suspended legal order," where it is objectively unimportant whether a new constitutional document enjoys proper political legitimacy and has a valid legal foundation (legality). According to the precepts of this pessimistic scenario, the constitution of the Federal Republic of Yugoslavia is reduced, *de facto* and *de jure*, to a "constitution for the direct threat of war," the sole objective being to make arrangements for certain concrete, present-day situations (political decisionmaking, the mobilization of military conscripts, the concentration of fiscal resources, etc.) as soon as possible, and to make them operative in the administrative-technical sense; everything else is legally and factually irrelevant.

New Constitution, Preparation Process Faulted

*92BA0865D Belgrade BORBA in Serbo-Croatian
23 Apr 92 p 13*

[Article by Professor Radosin Rajovic: "Serbo-Montenegrin Piedmont"—first paragraph is BORBA introduction]

[Text] The big question is how attractive the common state of Serbia and Montenegro will be for possible accession by the former republics of the second Yugoslavia. Serbia and Montenegro did not enter into the drafting of this constitution on equal footing. There is no room for realizing citizen sovereignty. Nothing is stipulated concerning the republic, autonomy, local self-rule, referendums, popular initiatives....

The plan to create a new "third Yugoslavia" as a federal state is actually a plan for a Serbo-Montenegrin state, and for that reason it can hardly be called Yugoslavia. The "second Yugoslavia" has disintegrated, and two of the six former Yugoslav republics can hardly assume the inheritance of the former Yugoslavia, both in terms of continuity under international law and especially in terms of succession.

The new federative state will comprise two federal entities (member-republics), which objectively cannot enjoy equal status by mere virtue of the fact that Serbia is nearly 16 times larger than Montenegro in terms of population. An adjustment in terms of the number of deputies to the Chamber of Citizens only worsens the situation. Many provisions in the direction of confederalism will also be stumbling blocks in future relations between the federation's two member-states.

Article 2 of the working version of the FRY [Federal Republic of Yugoslavia] constitution states that this new state entity "can be joined by other states as member-republics, in accordance with this Constitution," while Article 77 says that "the federal assembly... shall decide on accepting other states as member-republics of the Federal Republic of Yugoslavia." That is all that is said about this issue. It is unclear what states this could

involve and how this is to be realized. However, it is obvious that the Serbo-Montenegrin part of the former Yugoslavia wants to play a Piedmont-like role, which it has always done, but which is problematic today as well, something that is confirmed by experience with the two former Yugoslavias. Because the big question is how attractive such a provision will be to states that were part of the former Yugoslavia. One could say just the opposite: that the existence of a new ("third") Yugoslavia in such a reduced form can be only repulsive. After all, this is a question of "acceptance," not unification with other states.

Paste-Up Text

Serbia and Montenegro did not enter into the drafting of this constitution on equal footing, primarily because a referendum was held in Montenegro in which the citizens voted for clearly defined conditions under which they want to join a common state, and the Montenegrin representatives to the working group had to continually bear these conditions in mind and present them to the other side. The part of the working group from Serbia did not have such a strongly expressed position by the citizens of their republic because no such referendum was held in Serbia. The basic assumption was that the citizens of Serbia are in favor of Yugoslavia *a priori*, regardless of its form, while on the other hand the constitutional framers continually point out that the Serbian citizens' support for Yugoslavia was expressed on two occasions during 1990: in the referendum on adoption of the constitution, and in the elections in which the Socialist Party won a majority. Still, the assumption that the citizens of Serbia are for any sort of Yugoslavia should be verified now as well, after the civil war, because the opinion of the citizens before the war, when the so-called second Yugoslavia still existed, is one thing, while that opinion now that that Yugoslavia no longer exists is another thing. Indeed, the issue here is a new entity that is merely the "remnant" of Yugoslavia!

The plan for the FRY constitution was carried out very quickly, far removed from the public eye. There will be only 10 days between the announcement of the constitution project in the press and its adoption. The speed with which the work was done in many ways reflects on the quality and durability of the entire job. The validity aspired to was not confirmed by any means. The public was not informed of the basic orientations of the constitutional framers. As the product of a committee, the text itself is a paste-up job, and provisions taken from the 1990 Serbian constitution and incorporated into the new constitution are quite conspicuous (aside from the presidential system). The very procedure of adopting the FRY constitution in the SFRY Assembly is, to put it mildly, problematic in terms of constitutionality. What is wanted is a constitution that ensures the continuity of Yugoslavia, but it was not initiated by federal institutions, nor did any form of the initiative pass through the SFRY Assembly, which remained on the sidelines the whole time. On the other hand, this same Assembly,

which lost its legitimacy long ago, is supposed to sanction the new constitution by proclamation....

State Without Structure

Prior to adoption of their constitutions, the two former Yugoslavias had preconstitutional acts, declarations about the future common state, and only then was a constitutional assembly elected, which presented the definitive constitution of the new state (the Corfu Declaration of 1917, preceding adoption of the 1921 Vidovdan Constitution, and the 1943 resolution by AVNOJ [Anti-Fascist Council of People's Liberation of Yugoslavia] and the adoption of the 1946 Constitution of the FNRY [Federal People's Republic of Yugoslavia]). It is unclear why this process was not applied today as well, and why the decision to create a common state was not made in one joint declaration (to be confirmed by referendum). The principles on which this state would be founded would also be stated in that declaration. In this way, it would be possible to set up provisional institutions of power in the common state, and then elect a constitutional assembly that would calmly put forward a constitution for the common state. With this way, everything will happen very fast, without consideration of all aspects, and without extensive professional and political consultation. And it is a known fact that improvised creations are neither solid nor durable.

Because of the limited range, and from the opinions provided on concrete provisions due to a sense of inappropriateness (because the constitution is being enacted in only two or three days, and it is hardly possible to make any sort of corrections to it), we will not dwell on concrete provisions here. It suffices to emphasize that factually speaking, one of the most important parts of a federal constitution is not present in the plan for the constitution—the basis for the political, or state, structure. Provisions are made only for federal institutions, along with the basic tenet that "power lies in the hands of the citizens," that the "right to local self-rule is guaranteed," and that the member-states are republican in form. Nothing more specific about the republic, autonomy, local self-rule, referendums, popular initiatives, the judiciary, etc. In short, there is nothing about where and how the citizens will realize their sovereignty.

Bosnian Krajina Against JNA Withdrawal

92BA0865B Belgrade BORBA in Serbo-Croatian
28 Apr 92 p 8

[Article by M. Maric: "Any Word of Possible Yugoslav People's Army Withdrawal From Bosnian Krajina Meets With Hostility: The Army Has Nowhere To Go"—first paragraph is BORBA introduction]

[Text] Major General Momir Talic: Withdrawal of the JNA [Yugoslav People's Army] would also mean withdrawing the people from this area. The region's SDS [Serbian Democratic Party] believes that army should change its name to the "Serbian Liberation Forces."

Banja Luka—Any information on the possible withdrawal of the JNA from B-H [Bosnia-Herzegovina] is met with hostility in Bosnian Krajina. The region's SDS has notified the JNA and state leadership that the Serbian nation regards the army as its own, but that it must change its name to the "Serbian Liberation Forces."

In addition, the third commander of the Banja Luka corps (over the course of the last four months), Maj. Gen. Momir Talic, has said that the JNA has nowhere to go from Krajina, nor will it go anywhere. A commentator for the Banja Luka daily GLAS sees the only lasting solution to the problem of defending the borderlands (Bosnian Krajina, Knin Krajina, and Western Slavonia) in the training of a borderland army and the transfer of its command to Banja Luka. Naturally, all of this must be accompanied by an agreement on material, financial, and personnel assistance by the JNA until the conditions have been created for reintegration into a unified armed force. There is no other solution for the borderland and its armed forces, GLAS concludes.

This view is also advanced in connection with the assumption of the obligations of the Yugoslav Presidency and the Staff of the Supreme Command within the framework of Cyrus Vance's peace plan with respect to defense of the borderlands and Western Slavonia in the event that the peacekeeping forces leave these regions as the result of attacks by the Croatian armed forces against areas with a Serbian population.

The Republic of Krajina and the Autonomous Region of Krajina, in which there are three active corps (Banja Luka, Knin, and Bihać) have declared themselves to be in favor of the JNA remaining in their territories, so that it is deemed indispensable that these corps be organized into a borderland army headquartered in Banja Luka. That army is currently made up of people from this region—nearly 90 percent. This means that a JNA withdrawal from this territory is out if the question—because, as Maj. Gen. Talic said, that would also mean withdrawing the people from this area.

The harshest criticism was directed at talk of possibly moving the "Petar Drapsin" Training Center for Armored and Mechanized Units from Banja Luka to somewhere in Serbia. It is noted that the people of Bosnian Krajina have contributed significantly to the development of that military institution of higher learning, and that they should also be consulted before moving it. A scientific-instructional institution of higher learning is indispensable in this part of the country. In the background is the question of how to set up relations between the borderland army and the JNA. It is felt that this question can be settled in a satisfactory fashion, in accordance with the agreement reached on the confederal structure of B-H.

The creation of borderland armed forces is also justified by the fact that Croatian armed formations have already been formed in B-H with the direct assistance of Croatia,

as well as "green berets" under the powerful influence of certain Western circles and Islamic fundamental forces, whose goals are clear—war against Serbs.

[Box, p 8]

Vojo Kupresanin: Not a Single Cartridge Out of Bosnian Krajina

Banja Luka—Beginning today, the armed forces cannot take a single cartridge out of the Autonomous Region of Bosnian Krajina without the consent of that region's government authorities, Vojo Kupresanin, the president

of the Assembly of that region, announced yesterday. He added that this also applies to all military technology, and that members of the JNA, both enlisted men and officers, who so desire can leave this area unimpeded.

Kupresanin expressed his conviction that this decision, adopted at yesterday's meeting of the Banja Luka Crisis Staff, will be supported by the Assembly of the Autonomous Region of Bosnian Krajina, whose next session is scheduled for this evening. It is reported that the question of the creation of a borderland army could also be considered at that meeting.

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